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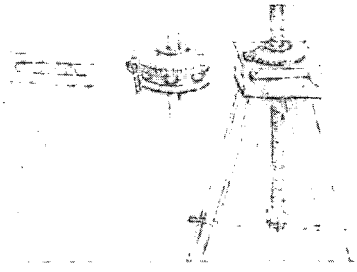

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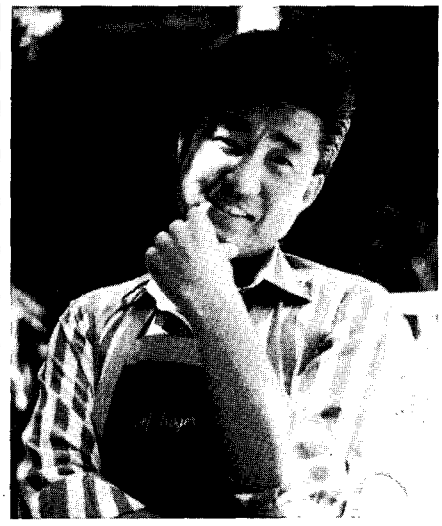
In Dr. Roger's Neighborhood



I can't imagine him without a smile on his face, and I can't imagine leaving his shop without a smile on mine.

He is Roger Park, enthusiastic proprietor of Watt Express—more commonly known as Roger's. Every business day, Roger serves up all kinds of goodies from his tiny snack shop/mini-restaurant, located on the first floor of our three-story Watt Industries office building. We at REASON have been wanting to write about Korean-born Roger for a long time, and this month's cover story on Asian-Americans' success offers the perfect excuse.

A trip to Roger's is a great way to refuel for work (or to procrastinate). Chef Rogée, as his menu calls him, sells everything from candy, chips, and pop to homemade sandwiches, salads, and frozen yogurt. But Roger's is no sterile convenience store. When you walk in, Roger greets you by name (often preceded by "Dr.," as in "Dr. Lucy"); he knows everybody in the building. Italian, German, French, or Spanish music is often playing, with dark-haired, bright-faced Roger frequently singing along, dancing, and playing maracas. He wants to know how you are ("¿Como está?") and how your day is going. If you don't have enough (or any) money for your purchase, that's okay—you can pay him next time. (Trusting customers, he says, is "why they keep coming back.") He makes a joke or two and wishes you Bon Appetit.

The international flavor of Roger's is the product of the 31-year-old owner's worldly upbringing. He spent his first nine years in Korea. But because his father "wanted to see the world," Roger and his family went on the move: first to Paraguay, next to Brazil, and finally to Los Angeles in 1970. Along the way Roger picked up Korean, Spanish, Portuguese, and English.

After graduating from UCLA with a degree in economics, Roger tried his hand at various jobs, working first in the operations department of a bank, then as an interpreter and right-hand man for an optician. In 1983, his aunt asked him to help his uncle at Watt Express, which his uncle had owned for three years. Roger's flair for the job was soon evident: sales picked up as more customers started coming in. Seven months later, his uncle took him aside. "I've decided to go back to Korea," he said. "And I want you to take over the business." Roger obliged.

He now has two employees of his own, Juan and Antonio, whom he gives "100 percent trust." Communicating in a colorful mixture of Spanish and English, the three share all the responsibilities of running the place, in keeping with Roger's management philosophy that "everybody has to do everything."

Though he obviously loves his work, Roger has set his sights even higher: "My dream ever since I started here was, someday I'll have a full-service restaurant, where I can use my culinary expertise."

And his expertise in dealing with people. "They say I have a character, which I think I do, but not a real funny character. I just always feel good about being here, regardless of if I'm making money or not. That counts second. I'm interested in making people laugh and making their day go by fast. Just to enjoy life. I really like America, I thank God I'm here, and someday I'll be one of the world-famous restauranteurs."

—Lucy Braun

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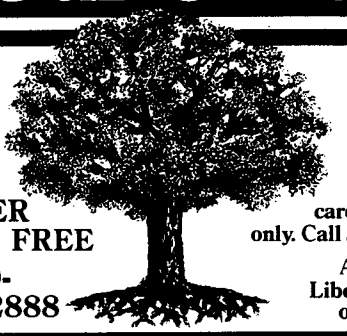

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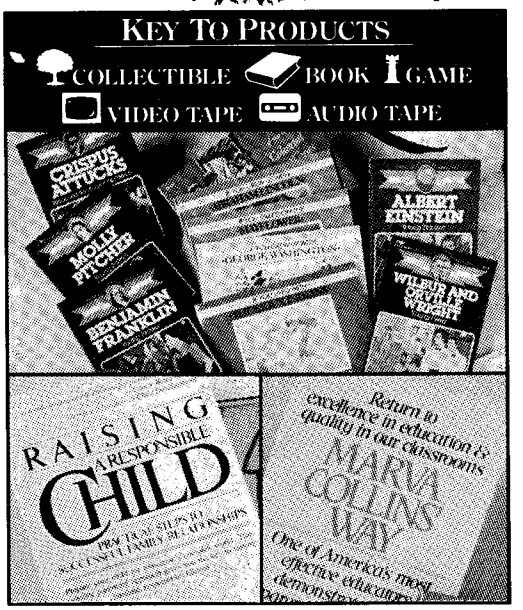

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letters

Reagan Doctrine Debate, Round III

Your debate on the Reagan Doctrine (June) was timely and well handled by the participants. Much invites comment, but for the sake of brevity I would like to deal with three points made by Ted Carpenter.

First, let us look at his analogy between the "back yard" status of Nicaragua vis-à-vis the United States and Afghanistan vis-à-vis the Soviet Union. In April 1978 the Soviet Union sponsored a revolution that replaced their sympathizer, Prince Daoud, with their puppet, Taraki. If they sought only a nonhostile nation on their southern Wakhan corridor, they had that under Daoud. Their subsequent annexation of the Wakhan, their de facto annexation of the Afghan provinces that border the Soviet Union, their genocide with respect to the provincial population, and their agitation of Pushtun and Baluchistan tribesmen indicate that their long-term goal is a corridor to the Persian Gulf and an opportunity to flank Iran.

Second, Mr. Carpenter claims that the president is eroding the constitutional process by his conduct of foreign policy. The Constitution gives the president the sole right to conduct foreign policy. This has been true for the past 200 years. Congress, through the Senate, can deny confirmation of the secretary of state and ambassadors, but that is not the power to conduct foreign policy; it is the power to obstruct. The Senate can also refuse to ratify treaties, but treaties do not determine foreign policy, they are derivative of it.

Finally, Mr. Carpenter asserts that for the executive to pursue a foreign policy initiative will cause him to be undercut at some point by the American people. Has Mr. Carpenter forgotten that the American people on two occasions soundly endorsed Mr. Reagan's foreign policy objectives by giving him victories of landslide proportions? During each election campaign Mr. Reagan clearly articulated an activist anticommunist foreign policy that was a well-defined contrast to his two opponents. The media were solidly aligned against him. His overwhelming success at the polls is his endorsement by the people. Those in Congress who would obstruct him are the self-appointed elite who have cast aside the will of the people and, in doing so, have effectively disenfranchised them.

Gloria M. Stewart
Thousand Oaks, CA

THERE IS A FALSE CONCEPTION floating around the liberal foreign policy establishment, regurgitated again by Christopher Layne in your roundtable on the Reagan Doctrine, that says that Congress should be the embodiment of public opinion. "If it cannot command public opinion," Layne said, "it cannot command congressional support, then the American government has no business doing it behind the American people's back."

We all know what molds public opinion—the media. If Layne's statement were true, that would make the American media the real government of America.

Congressmen and senators were never meant to be robots of public opinion. Public opinion is too fickle, too shallow (especially in foreign policy matters), and too ill-informed. We pay our representatives to study the facts and make the wisest decisions based on the best long-term interests of our country and the world. Whether or not those decisions are in line with American public opinion doesn't matter one whit. What matters is the rightness or wrongness of the decision.

If the decision is right, you can be certain that public opinion will eventually fall in line with it. Such is the case with the invasion of Grenada and aid to the Nicaraguan resistance. If the decision is wrong, and the people unfor-

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letters

giving, the Constitution provides for elections to vote incompetents out of office, or if circumstances warrant, orderly procedures to boot them out before they have a chance to do more damage.

While our elected representatives are still in office, they have the duty to exercise their constitutional powers to the best of their ability, according to their own personal convictions as to what constitutes the best interests of our nation, without unlawful encroachment by other branches of government, and certainly with no obligation to toe the line so often articulated in the pompous goody-two-shoes opinions of the liberal establishment and its mainstream media mouthpieces.

Steven S. Showers
Newbury Park, CA

All's Not Fair in Trade and War

I was surprised to learn in the editorial "Fair Trade Frenzy" (July) how goods made by Japan-based affiliates of U.S. companies are counted and that by 1985 their sales exceeded the 1985 trade deficit. I found myself asking, How are the goods of U.S.-based affiliates of Japanese companies counted? What dollar amounts are involved in that sector? I was surprised that the editorial never addressed this question, even though the weak dollar has resulted in Japanese purchases of everything in sight. (I hear there are no more American hotels in Hawaii—Japan finally figured out how to fight the war!)

Accountants are often weird but consistent. If the dollar amounts balance, then the weird accounting is irrelevant. If the missing dollar amounts are larger than the ones you chose to use, the "deficit" imbalance is magnified.

William Payne
Folsom, CA

Ms. Zupan replies: Space precluded a fuller discussion, but the amounts do not cancel out. U.S. affiliates in Japan sell far more goods in-country than their Japanese counterparts based in the United States. In 1984, for example, U.S. affiliates sold the Japanese $43.9 billion

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For anyone who's ever been pulverized by put-downs, rankled by reproaches, or irritated by insinuations, here's a revolutionary book that devotes itself *completely* to tactics of verbal self-defense. *The Gentle Art of Verbal Self-Defense* teaches you how to defend yourself *diplomatically* in delicate family situations and in the hard-nosed business world. And this book is so thorough and easy-to-understand that you can read it once and become the kind of person everybody admires—the person who stays unruffled during confrontations, who always says the right thing, and who enjoys good relations with everyone.

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The Gentle Art of Verbal Self-Defense, originally $12.95, now costs only $6.95. And, should you want to return the book, you can do so and have your money refunded with no questions asked.

About the Author

Psycholinguist Suzette Haden Elgin has presented her innovative self-defense principles in a variety of formats. She has given workshops and seminars all over the U.S., including verbal self-defense sessions for doctors, lawyers, and other professionals. Dr. Elgin has also created a self-defense tape and a training manual for people who teach her self-defense techniques.

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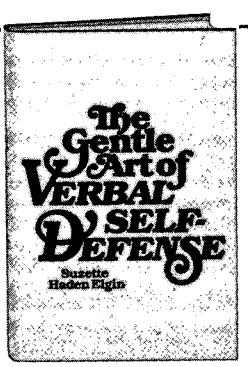

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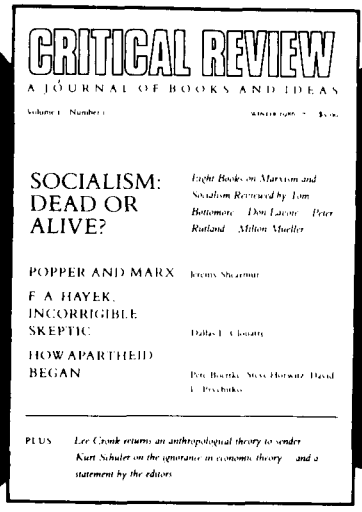
worth of goods, while Japanese affiliates sold Americans $12.8 billion worth. If these figures are added to respective imports and exports for that year, we find that the Japanese bought $69.5 billion in U.S. goods—versus $69.6 billion in Japanese goods bought by Americans. Some "trade deficit"! The failure of the standard deficit figures to count those locally made foreign goods is important precisely because of the considerable marketing success of U.S. companies, compared to Japanese. (These figures, as well as those in the original editorial, are from Kenichi Ohmae, managing director of McKinsey & Co. in Japan.)

"FAIR TRADE FRENZY" is fine as far as it goes, but it fails to discuss the various arguments advanced in favor of protectionism. For example, some countries sell subsidized steel to U.S. firms. A firm that enjoys no such subsidies will be at a disadvantage vis-à-vis one that does. That is unfair trade. However much one might dismiss the economic importance of this point, people will respond to its moral force and favor protectionism.

There is also the more serious charge that opening markets to subsidized goods is a kind of dealing in stolen products. After all, the goods would cost more if it were not for the fact that some people's wealth was forcibly transferred to others who can now afford to sell for less. We don't accept trade in stolen goods as part of a free market, so why should we in international markets?

Tibor R. Machan
Auburn, AL

THE NEW LIBERALISM



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Reagan's Record Revisited

I have had a great respect for Milton Friedman and read all his books. I was excited to see the June REASON because of him ("Where Are We on the Road to Liberty?").

The article was logical until I read the paragraph that said, referring to Reagan, "We have had a president who, though you may disagree with some of his particular positions, is clearly committed to reducing the size and scope and role of government and who has been willing to stick to his principles."

Reagan said he would abolish the departments of Energy and Education. Both are bigger today than when he started. He said he would reduce taxes and yet he put in the largest tax increase ever, in the Social Security tax. He stated he was for a free market, yet he proposed taxes on imported motorcycles high enough to keep Harley-Davidson alive. He proposed a gas tax to provide jobs, ignoring the fact that taxes cost jobs in the private sector.

Can Mr. Friedman explain what Mr. Reagan's principles are?

David Hirschler
Laguna Beach, CA

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One Employee Lawsuit Can Wipe You Out

Just one dissatisfied employee and a high-powered attorney can make your life a nightmare.

It will have you scrambling for evidence to protect yourself and your company. Meanwhile, the efficiency of your whole staff can drop, along with their morale.

The bad publicity alone can ruin you. And no matter what, win or lose, it's going to cost you a bundle.

Presently in America we are witnessing an enormous rise in the already staggering numbers of employee lawsuits. The number of cases has been steadily increasing each year at an alarming rate.

The reason? New laws and recent court decisions have almost completely reversed the employer's right to hire and fire at will.

Employers are now fair game. And employers who have not thoroughly documented their employer-employee relationship are learning the hard way. Recent court decisions have gone overboard favoring employee claims.

But you can now avoid being victimized by situations like these

The best way to protect yourself is to document, in writing, your employer-employee interactions. It's crucial to keep a proper personnel file on each employee. Then if confronted with the threat of legal actions from a past or present employee, you can produce your employee records as evidence. In most cases a potential legal action will never make it to court.

That is one way a new book can help you: the *Complete Book of Employee Forms,* by prominent lawyer Arnold S. Goldstein, Esq. With this book, you can thoroughly document your employer-employee relationship.

The book offers you 108 lawyer-prepared forms, everything you need to set up a complete personnel system along with carefully prepared employee agreements. With this book, you can maintain a complete file for each employee. Whether you have 1, 10, 100 or 1,000 employees.

Save time and money

These contracts, agreements, reports and internal forms are instantly ready-to-use. No need to wait hours, days, or even weeks for a lawyer to draw them up.

And the forms take only minutes for you, or anyone on your staff, to complete. All you do is fill in the needed information, have them signed when necessary and keep them on file.

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If you paid a lawyer to prepare all these forms it would probably cost you over $20,000 in legal fees. But your biggest savings are probably not in the preparation of these forms and agreements. You also save by avoiding the costs of potential lawsuits, which can involve costs exceeding $50,000 or even $100,000, or more in a single case.

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"Had the book one week...one form saved us at least $200 in legal fees. It's as if we just pocketed $125, free...By the way, I didn't know we should even be using a form like this to protect our company. I feel much safer now that we're using it. Thanks..."

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"The *Complete Book of Employee Forms* has been vital in helping us to properly handle hundreds of situations that used to be problems for us."

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"This book is essential for complying with today's complex employment laws."

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How the book helps you

Recruitment and Hiring: all the forms you need for employment interviews, job applications, reference requests, verifications, etc., while complying with federal and state employment laws.

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Processing New Employees: How to set up your employee personnel files. Confidential employee histories, health records, employment terms, consent to release information forms, orientation checklists, and more.

Personnel Management: Forms to streamline employee recordkeeping. Includes records for time management, wages, salaries, taxes, overtime, etc. manage attendance and scheduling with records for vacations, sick time, and various leaves of absence. Also salary review form, notice of salary increases/promotions, and more.

Performance/Evaluation: Employee performance checkform and summary, evaluation forms and letters of commendation help you boost employee morale, goodwill and productivity.

Termination/Separation: Forms for resignations and other types of voluntary terminations. Also, termination analysis, causes of termination summary forms. Warnings for unsatisfactory performance, disciplinary reports and notices of probation help you correct specific problems, but more importantly these records will protect you if you ever need to fire a worker for bad performance.

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Censorship the American Way

Virginia I. Postrel

Americans don't believe in censorship, except...

The world, it seems, is full of exceptions—ideas so dangerous they must be forbidden or, sometimes, so valuable they must be required. The list of no-nos used to be pretty short: yelling "fire" in a crowded theater or similar "clear and present dangers." Debate wasn't completely free, but it was close.

Then Congress and the courts decided that the First Amendment doesn't apply to newfangled electronic speech. They used economic scarcity to justify licensing radio and TV stations, just as kings and queens used to license printing. The next thing you knew, the government was meddling in what was said.

For awhile, that meddling consisted mostly of forcing broadcasters to be "fair." So we got stories with no sharp edges, no broadcast equivalents of REASON or *Mother Jones* or *National Review*—only *Time* and *Newsweek* and lots and lots of *People*.

But now that everybody's used to the government decreeing what broadcasters *must* say, the interest groups are lining up to dictate what they *can't* say. And that, dear readers, is censorship the old-fashioned way.

"There's violence on my TV and I don't like it," rails Sen. Strom Thurmond (R-S.C.). His solution: a bill sponsored by "liberal" Sen. Paul Simon (D-Ill.) to encourage "voluntary" self-censorship by broadcasters. Or else.

Now, TV violence may not sound like an "idea"—as in "the free exchange of." But it is, and its critics are the first to admit it. Researcher Aletha C. Huston of the University of Kansas, testifying for the bill, told senators that "heavy viewers of television violence approve of violent solutions to problems"—certainly an idea, and a political one at that.

The National Coalition on Television Violence objects to the show "Photon Warrior" because it depicts "adolescents fighting 'the forces of evil' with infrared Photon guns.' " Children should not be taught to fight evil with violence, says NCTV, and the government must stop the spread of such notions. "The toy industry's greed for money must not be allowed to trample the moral development of our next generation."

Less pacifistic censors just want to keep kids from lusting after the latest toys—an impossible dream if ever there was one. Led by Peggy Charren's Action for Children's Television, these critics have won a court ruling that the FCC failed to give enough reasons for *not* outlawing toy-based TV shows—a dangerous and outrageous shift in the burden of proof. Are "Popples" and "Disney's Adventures of the Gummi Bears" so threatening that they must be presumed guilty until proven innocent?

That such a lame justification for outright bans on free speech is taken seriously in the courts and on Capitol Hill—and, more often than not, praised by print journalists—demonstrates just how tolerant of the practice the public has become.

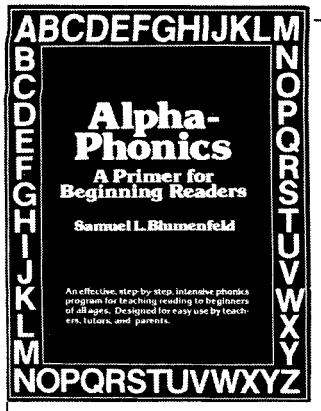
In fact, the government has recently seized control of yet another medium—satellite photography—and the normally vigilant press has barely raised a peep. Under new licensing rules, the Defense and State Departments can veto satellite photos they deem threats to national security or foreign policy. U.S. satellite operators who take such photos can have them confiscated before publication or can be shut down entirely. The government now has the power of prior restraint, the right to censor *before* publication. Again, the power to license new technology is stifling the free flow of ideas.

And for what? To make sure the government, not the public, sets the foreign policy agenda—even if that means protecting the enemies of the United States. Satellite photos aren't needed to penetrate an open society; a few leaks work much better. So it's not surprising that most photos provide peeks inside *closed* societies—Iran, Libya, and the Soviet Union.

These countries know what their military bases and nuclear-plant accidents look like; so does the U.S. government. But the public may not. And if it finds out inconvenient facts at an inconvenient time, the public might derail arms-control negotiations or question Middle East policy. Censorship is designed to prevent that.

Every attempt to censor is an attempt to kill an idea. Sometimes the idea is trivial—kids should buy Gummi Bears, for example. Sometimes it seems trivial in one age and vital in another. Censors once squelched arguments that one shouldn't kneel at communion but cared little about tobacco; today, cigarette advertising is banned and not even Peggy Charren worries about kneeling.

Sometimes the censors speak for national security, sometimes for public morals. But always they speak for fear. Fear that their opponents' ideas will persuade. Fear that their own arguments, values, and beliefs will be found wanting. Fear that free people, left to their own devices, will fall into evil ways. Americans have come to accept such fears, to readily grant exceptions to the rule of free speech. And *that* is reason to be afraid.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New program developed by a pioneer in the private-school movement . . . and already proved succesful

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> I must write to express my wife's and my thanks for your excellent book. It has been so very valuable to us in teaching our 8½-year-old-son, Eric, to read . . .
>
> When I started on September 10th, Eric was almost totally retarded as a reader. Evidently he was one of those youngsters who refuse to attempt sight reading. I followed your book's instructions exactly. Would you believe that we went from Lesson 2 through Lesson 27 in two weeks? And by Thanksgiving we had drilled right through Lesson 117?
>
> Even you wouldn't believe the results! It was as if we were witnessing a miracle!
>
> Eric is now reading **Robinson Crusoe**, and is just loving it! He had been having headaches all through second grade and was losing weight. Since he started learning by your method, he hasn't been sick one day, and has gained weight rapidly to where he has a perfect physique.
>
> Needless to say, we are grateful. Thank you so much for your excellent effort in helping countless parents, such as ourselves, in warding off the educational crippling of countless children.

The man who evokes that enthusiasm is Samuel L. Blumenfeld. Sam is an old friend of us here at the Club, and we've watched his interest in this problem grow over some 25 years. First as a New York editor and a member of the Advisory Council of the Reading Reform Foundation. Then as the author of several basic books in the private-school movement: *How to Start Your Own Private School — And Why You Need One; The New Illiterates; Is Public Education Necessary?;* and *How to Tutor*. Finally, as a teacher himself. Sam has the credentials, in abundance, so we'll let him describe the essence of this breakthrough program:

> **ALPHA-PHONICS** was created to provide teachers, tutors and parents with a sensible, logical, easy-to-use tool for teaching reading. It is an intensive phonics instruction program based on the author's many years of research and experience in the reading instruction field. It answers the need for a practical instruction book that anyone who wants to teach reading can learn to use with a minimum of training.
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>
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brickbats

It took little Carmin Fisher of Junction City, Oregon, six years of saving her pennies to accumulate a $70.76 bank account. It took the IRS just minutes to seize the nine-year-old's lifetime savings to pay her grandfather's back taxes. The account was in the girl's name but listed her grandmother as guardian. When a bank statement showed the funds had been withdrawn under an IRS order, Grandma and Grandpa drove to the nearest newspaper office to express their outrage. Within hours after the paper hit the street, a sheepish IRS admitted its goof and refunded the money to the child.

The power of rock 'n' roll: Thousands of young East Germans trying to hear an outdoor rock concert by the Eurythmics just on the other side of the Berlin Wall fought with hundreds of club-wielding border police. Chanting "Down with the Wall!" and "The Wall Must Go!," the rock fans broke through a fence but were driven back by police.

A Victorville, California, high school sophomore who refused to dissect a frog in her biology class will flunk her lab section. Jennifer Graham had pleaded with school officials to allow her to use a plastic model or computer simulations to study frog anatomy, citing moral objections to killing animals. But Principal Julian Weaver says Jennifer isn't required to take the class and thus should fail any portion she refuses to participate in. Jennifer was offered a transfer to a biology class that doesn't require laboratory participation, but she refused. Naturally, she's going to sue the school district.

Aw, c'mon, Senator! The sponsor of a controversial restriction on lamb imports in the pending trade bill owns stock in a family ranch that has more than 6,000 sheep. Sen. Max Baucus (D-Mont.) derives income from the ranch, but he did not mention it to the Finance Committee when his lamb amendment was adopted. "I just don't see it as a conflict whatsoever," Baucus says. "I've never been involved in the ranch. My folks keep it because it's a way of life for them." He acknowledged, however, that there was an "appearance" problem. Wool pulling, anyone?

"HURRY!... BEFORE THE RUSSIANS GET HERE!"

Insurance companies in Japan are selling protection from traffic-law enforcers. For a fee of about $14 and a yearly premium of $42, motorists can ignore no-parking signs, treat speed limits with disdain, and refuse to give way to oncoming traffic without fear of prosecution. The insurance companies cover the cost of tickets. "It's not illegal but it's certainly antisocial, and we're very annoyed about it," huffed and puffed Traffic Police Chief Yasuo Tanabe.

The town of Flora, Illinois, is so desperate to have the state government build a prison in the impoverished burg that it has cut a promotional video, sung to a rap tune called "Is We Is?!" Made for $850 at a local TV station, the video features the Barbed Wire Choir, made up of civic leaders. The chorus goes: "Is we is or is we isn't, going to get ourselves a prison!" Wait—it gets worse. An "Is You Is" Day featured a parade led by a school band dressed in convict stripes and performing a medley of prison hits, including "Jailhouse Rock."

Soviet party boss Mikhail Gorbachev wants to introduce incentives to spur workers to produce more and revive the nation's stagnant economy. But some workers aren't so sure. Tanya, a 35-year-old single mother, cuts and weighs meat in a canning plant. She's grateful for a freedom Soviet society provides in abundance: the freedom to loaf. "I don't want to work like an American," she says. "The Soviet Union is a good place because if you don't want to work hard, you don't have to."

—Mark Edward Crane

"HERE LIES HOPE FOR A SHATTERED NATION"*

The Solution *for* South Africa —*from* South Africa

"...an extraordinary and long overdue challenge to South Africa.... Here lies hope for a shattered nation"
Winnie Mandela
After Apartheid
The Solution for South Africa
Frances Kendall and Leon Louw
Foreword by Samuel Motsuenyane

"The proposals set forth in *After Apartheid*," says **Bayard Rustin**, "offer the first real hope that the absolutely critical constitutional questions in South Africa can be addressed successfully. I commend this book to all Americans."

Now the Institute for Contemporary Studies of San Francisco is making a new American edition of the book all South Africa is talking about available in the U.S.

"Sales of the book, in English and Afrikaans, have topped 25,000 and kept it on the nonfiction best-seller list for a year, a huge success in a country where nonfiction books usually sell no more than 5,000 copies... the authors' solution and their readers' eager response to it demonstrates that not all South Africans are waiting numbly for chaos to sweep away the past and dictate the future."—**Time Magazine**

"I am pleased that people are taking this book seriously."—**Alan Paton**

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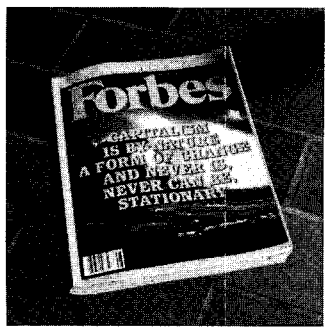
trends

Ch-ch-ch-ch-Changes: Secret of Success

In 1948, the people of Nashua, New Hampshire, hanged Royal Little in effigy. His company, Textron, had closed its money-losing textile mill there, throwing 3,500 people out of work. Little, who detested inefficiency, told the townspeople they'd eventually bless him.



Thirty-five years later, they did—at a banquet in his honor. The old textile mills of Nashua and other New England towns didn't stand empty forever. They provided the inexpensive space in which high-technology businesses, including such giants as Digital Equipment and Raytheon, prospered. The low-paid textile workers have been replaced by their children—well-paid engineers and technicians. Today, says Little, "In the 3 million square feet of space we gave up in Nashua, there are now 20 different companies employing 5,500 people where we employed 3,500."

Little's story, recounted in a remarkable 70th-anniversary issue of *Forbes*, exemplifies what economist Joseph Schumpeter called the "creative destruction" of capitalism, the process on which progress depends. The *Forbes* issue, which explores that theme for almost 300 pages, illustrates the growing recognition of that process.

Some highlights:

- Nobel laureate economist George J. Stigler, of the University of Chicago, argues that the "new populists" are hissing the wrong bad guys when they attack corporate takeovers and support management. And, while attacking recent insider trading as "naked sin," he blames the Williams Act—which requires anyone who buys 5 percent of a company's stock to disclose that fact within 10 days—for creating an incentive for leaks.

To muster support for a hostile takeover, would-be takeover firms slow down their open-market stock purchases so they don't have to make Williams Act disclosures, then leak their plans to arbitrageurs who can buy lots of stock and later sell it to the "raider" at a profit.

Want to end insider trading? Repeal the Williams Act, which was, after all, the brainchild of Abscam bribe-taker Harrison Williams. Remarks Stigler, "I think it would be a good rule to repeal all laws named after legislators who have gone to jail."

- American business is losing its edge in new technology, to the detriment of U.S. consumers, because of courts and regulatory agencies that stifle innovation for fear of new risks—even when the new technology promises to be *less* risky than the old, says Peter Huber in "Who Will Protect Us from Our Protectors?"
- *Forbes* looks at four of its lists of the top 100 U.S. companies from 1917 to the present; only a few of the companies on the list 70 years ago survived to make it on to the lists in 1945, 1967, and 1987.
- "The Last Iceman" celebrates nine companies that are making it in "dead" industries, from vacuum tubes to ice to buggy whips.

The *Forbes* issue paints a rich and detailed picture of the changes—creative and destructive—inherent in American capitalism and of the people behind those changes. But *Forbes* isn't alone in recognizing the economic value of embracing change.

A recent National Academy of Sciences study, financed by federal agencies, the AFL-CIO, and private industry, has found "no convincing evidence" that automation and other new technologies are polarizing American workers into well-paid technicians and poorly paid floor sweepers. If anything, says the study, it is "the slow, rather than rapid, adoption of new technologies by U.S. manufacturers that has left U.S. products more vulnerable to international competition."

Indeed, argues another recent analysis, innovation is the key to U.S. economic success. In an article in *Inc.* magazine, MIT lecturer and small-business maven David Birch notes that fewer U.S. workers are making basic goods that can be produced elsewhere, while more are involved in high-technology products.

"We have, in essence, gone to our strength: innovation," writes Birch. "We are making more and more of the kinds of things that require high levels of innovation, such as instrumentation and fabricated metal products, and have relinquished to others the production of items that have not changed a great deal in the past 20 years: automobiles, television sets, shoes, clothes, and paper."

To quote Schumpeter, "Capitalism is by nature a form of change and never is, never can be, stationary." Which is why it works.

How They Rate for '88

The National Taxpayers Union has analyzed every 1986 vote affecting federal spending and released its latest congressional study just as the '88 race switches into high gear. As usual, Wisconsin Democrat William Proxmire led the Senate with a score of 83. Colorado Republican Hank Brown was tops in the House at 79. Scores for the announced 1988 presidential candidates follow. (A useful benchmark: Teddy Kennedy notched a 45.)

Sen. Bob Dole (R-Kans.)	53
Sen. Paul Simon (D-Ill.)	50
Sen. Paul Laxalt (R-Nev.)	49
Rep. Jack Kemp (R-N.Y.)	44
Sen. Joe Biden (D-Del.)	41
Sen. Albert Gore (D-Tenn.)	36
Rep. Richard Gephardt (D-Mo.)	26

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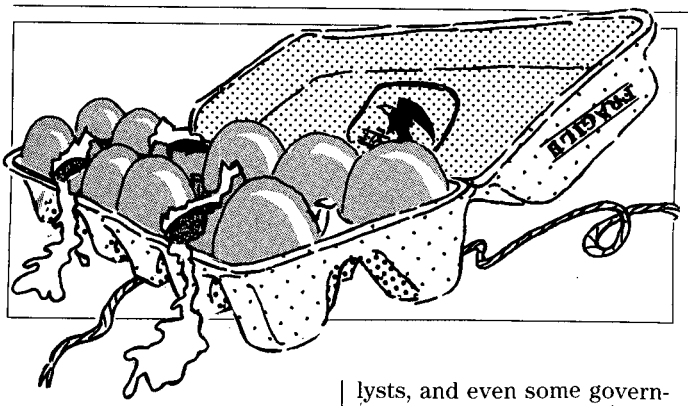

The Post Office: A Bad Egg?

Grumbling about the Post Office is nothing new. But in the wake of the news that stamps will soon cost 25 cents, the criticism is getting louder, and a radical sentiment is now taking hold among taxpayers, policy analysts, and even some government bureaucrats: It's time to denationalize the mails.

In a blunt open letter to Postmaster General Preston Tisch, Federal Trade Commission Chairman Daniel Oliver sums up the sentiment well: "Postal service is bad, and customers are unhappy."

After an obligatory paean to Tisch's fine business skills, Oliver concludes that "real improvement will be elusive, not because of any failure on your part, but because a monopoly will behave like a monopoly no matter who is in charge of it." Oliver's solution: Abolish the monopoly.

In his letter, Oliver urges Tisch to call for repeal of the private express statutes, which prohibit private companies from delivering letters in competition with the Postal Service. Oliver points out that in the few areas of delivery service where competition *is* allowed, such as parcel post and overnight delivery, private companies have done better than the Post Office. "On what principle, then," he asks, "does government deny its citizens the benefits of competition in letter delivery?"

Writer James Bovard, denounced by the Postal Service as the "Pied Piper of Privatization," revealed in the *Washington Times* that, since 1980, "more government employees have been hired at the Postal Service than have been laid off at all other federal agencies combined." Yet the Post

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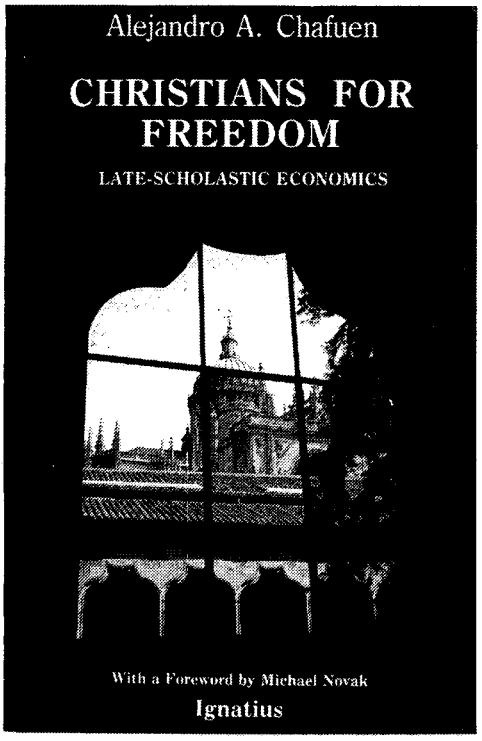

Alejandro Chafuen's brilliant and in-depth analysis of late scholastic economics is receiving wide acclaim. He convincingly demonstrates that the economic principles of the late scholastic political philosophers prove surprisingly modern and presage the development of a free-market economy.

"Chafuen proves beyond a doubt that the Scholastic writers were much more favorable to free markets than earlier writers led us to believe."— ROBERT HESSEN*
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"Abounds with brilliant aphorisms. A rare book that opens our eyes to new bodies of material and to an important revision of long-held views."— MICHAEL NOVAK

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Office's own evaluation, he notes, shows that productivity has declined sharply since 1979 and that letter carriers' time-wasting has cost taxpayers over $600 million a year.

Douglas K. Adie, professor of economics at Ohio University, points out that the Postal Service "has operated in the red almost continually over the past 17 years." In a study for the Reason Foundation, Adie proposes repealing the private express statutes, breaking the Postal Service into regional companies, and selling these companies through a public stock offering.

Enquiring minds, meanwhile, were recently treated to a concrete demonstration of Post Office ineptitude. The *National Enquirer* conducted an "eye-popping" test of six commonly used shippers to see who could deliver a fragile package in the best condition. Following the Post Office's own instructions for mailing fragile items, the testers packed a dozen eggs in each of six heavy cardboard boxes and sent them from Los Angeles to Florida. The results? United Parcel Service (UPS), Delta Air Lines, and Federal Express all delivered the eggs without breaking any. The Postal Service broke three, placing dead last.

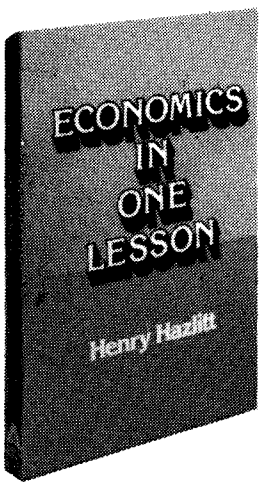
Tisch sees no egg on his face, however. In a written response to Oliver at the FTC, he refused to support private mail delivery, claiming that mail service is better than ever. But Tisch is no dummy: He had his reply delivered by a courier service. A Postal Service spokesman explained to the *Wall Street Journal*, "It's just that we wanted it to arrive as soon as possible."

Property Owners Take the Fifth

If the government takes your land to make room for a highway, it has to pay you. But if it passes a zoning law that makes it impossible to develop or sell the same land, it gets away scot-free. Or so it seemed until recently.

But in several recent decisions, the U.S. Supreme Court has upheld the right of property owners to be compensated for laws that diminish the value of their property. The rulings apply the "takings" clause of the Fifth Amendment, which guarantees that "private property [shall not] be taken for public use without just compensation," to regulation that doesn't actually transfer ownership to the government but does reduce owners' control over their property. In doing so, the Court follows, at least in part, the reasoning of such free-market scholars as Richard Epstein of the University of Chicago Law School, in his influential book *Takings*, and philosopher Ellen Frankel Paul of Bowling Green State University, in her new book *Property Rights and Eminent Domain*.

The first case involved a Glendale, California, church that owned a 21-acre camp on which several buildings were destroyed in a flash flood. The church was denied permission to rebuild under an interim ordinance that declared the land part of a flood control area. The state courts refused to hear the church's claim for



"(Hazlitt) is one of the few economists in history who could really write."
—H.L. MENCKEN

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trends

compensation, citing a 1979 California Supreme Court ruling that the only remedy possible for an undue land-use regulation was the reversal of the regulation. The church appealed to the U.S. Supreme Court, which, in a 6-3 decision, ruled that a temporary restriction can amount to a taking, and the church is entitled to a trial.

The court also came down on the side of property rights in a case involving the California Coastal Commission. Patrick and Marilyn Nollan of Ventura, California, had sought a permit to tear down their beachfront cottage and build a two-story house. The Commission, which regulates California's coastal areas, agreed to issue the permit but only if the Nollans opened a portion of their land for public access to the beach.

The court ruled 5-4 that a condition can be applied to land-use permits only if it alleviates a problem that would give the government just cause to deny the permit. Otherwise, "the building restriction is not a valid regulation of land use, but 'an out-and-out plan of extortion,' " Justice Antonin Scalia wrote for the Court.

Epstein is encouraged by the two rulings. He told REASON that although they didn't go far enough, they could pave the way for a "complete transformation" of property-rights law. In the future, Epstein hopes the Court will become still less deferential to local regulators, tightening the requirements for demonstrating a regulation is for "public use" and expanding the definition of "just compensation" to include reimbursement for such expenses as relocation costs.

In a third ruling bolstering Fifth Amendment protection of property rights, the Court unanimously struck down a federal law that required trust land owned by individual Indians to pass to the tribe rather than to the owners' heirs. The majority decision ruled that this constituted a taking, while a concurring opinion held the law violated due process guarantees. The case is significant because it recognizes inheritance as a fundamental property right, explains Robert Best of the Pacific Legal Foundation, the free-market organization that represented the Nollans and filed an *amicus* brief in the Glendale church case.

Best believes the three rulings have turned the tide in favor of property rights. "Last year, we were all debating the issue of how much further government is going to be allowed to go in expanding its onerous regulations....Today we are debating how far back government is going to have to retreat from the excessive conduct of the past."

Milestones

■ *Behind bars in Kansas.* For the first time in 107 years, Kansans can buy liquor by the drink. Voters approved a constitutional amendment allowing counties to permit saloons, and 36 of the state's 107 counties have already done so.

■ *Getting tricked.* Arresting a prostitute costs law enforcement agencies an average of $2,000, according to a study published by the University of California's *Hastings Law Journal*. The study concluded that arrests for prostitution "exact a disproportionately high toll on law enforcement resources," and that agencies can no longer afford to keep prostitution illegal.

—Robert W. Poole, Jr., Lucy Braun, Bill Kauffman, Virginia I. Postrel, and James Taranto

global trends

Ship, Ship, Hurrah!

DEURNE—Doing business via off-shore companies, situated in "fiscal paradises," is a practice known in all fiscal deserts—Belgium included.

But what is unusual is that the Belgian government now promotes it. Yes, you read that right—the government of Belgium is recommending off-shore incorporation. Not (yet?) to all businessmen, but it is an official recommendation by Minister of Communications Herman de Croo to the Belgian association of professional shipowners.

Belgian shipping companies have lost money for years, largely because ships flying the Belgian flag are subject to all Belgian laws. This includes the Social Security laws, with their exorbitant taxes.

As a result, the costs to Belgian shipowners are so high they can't compete with foreign vessels. They took their problem to Minister de Croo, presenting him with four options:

(1) Change the social security system.

(2) Allow Belgian ship companies to use a special social security system.

(3) Grant the shipowners subsidies.

(4) See the shipowners go out of business.

But de Croo came up with a fifth alternative: incorporate the ships in Luxembourg, with its lower taxes and favorable laws. Perhaps the lesson is that when you want to escape government's rules, you should ask a government official.

—Fred Dekkers

Global Roundup

■ *Cheers!* Afternoon drinking will soon be legal in British pubs. The Thatcher government is backing a bill to repeal a "temporary" wartime measure passed in 1915 that requires pubs in England and Wales to close for the afternoon. The new bill, which the Conservative Party's majority in the House of Commons is sure to pass, honors an election pledge to "increase consumer choice."

■ *Can we talk?* Europeans will be able to buy their own telephone equipment and choose among competitors for their phone business if the European Economic Community gets its way. The EEC has released a strategy paper arguing for deregulation of all telecommunications businesses except "basic" phone service and for the breakup of government monopolies.

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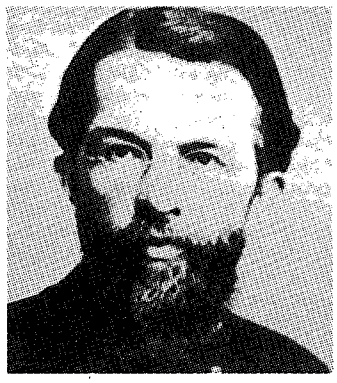


Carl Menger

The University. Located in Fairfax, Virginia, just 15 miles from Washington, D.C., George Mason University is naturally positioned to influence political, cultural, and academic affairs. The university's rapid growth and influence led *Time Magazine* (April 28, 1986) to include George Mason as one of nine "fast-rising and ambitious insititutions that are now challenging the nation's elite schools."

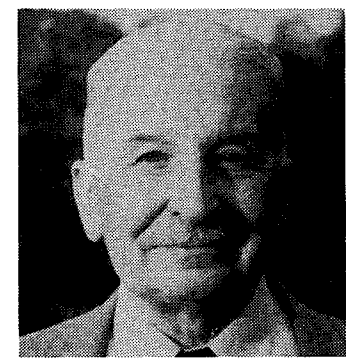
The Economics Department. The Economics Department houses the Center for Study of Public Choice and the Center for the Study of Market Processes. With such renowned economists as nobel laureate James Buchanan, Charles Rowley, Robert Tollison, and Walter Williams, the department is among the best known and most highly rated in the world. Combining rigorous training in neoclassical economics with innovative ideas in theory and policy, the Economics Department trains economists for positions in academia, government, and business. As a measure of the department's success, *The Wall Street Journal* (September 20, 1985) reported that George Mason economists "have become an important resource for the Reagan administration."

Austrian Economics. The University offers a one-semester undergraduate course, and a two-semester graduate sequence, in Austrian economics. This is the most comprehensive and in-depth study of Austrian economics offered anywhere in the country. In addition to classroom instruction, special seminars offer training in research, writing, and publishing skills. As a result Center students have published in the *American Economic Review, History of Political Economy,* and the *Wall Street Journal* during their tenure at George Mason. Austrian students also write for influential policy organizations in Washington, D.C., and present research results at professional meetings.

Center for the Study of Market Processes. Besides its students, the Center consists of faculty members Don Boudreaux, Jack High, Don Lavoie, George Selgin, and Karen Vaughn. These faculty and students are committed to the task of building "a new Vienna" at George Mason.

In the 1920s, Vienna was an influential and active center for economic thought. Through discussion and debate, through workshops, through seminars and publishing, the Center is re-creating the atmosphere of Vienna. This intellectual atmosphere will nurture new ideas and help establish Austrian economics as an influential force in America during the coming years.

For further information, contact Jack High, Center for the Study of Market Processes, Department of Economics, George Mason University, 4400 University Drive, Fairfax, Virginia 22030, 703-323-3483.



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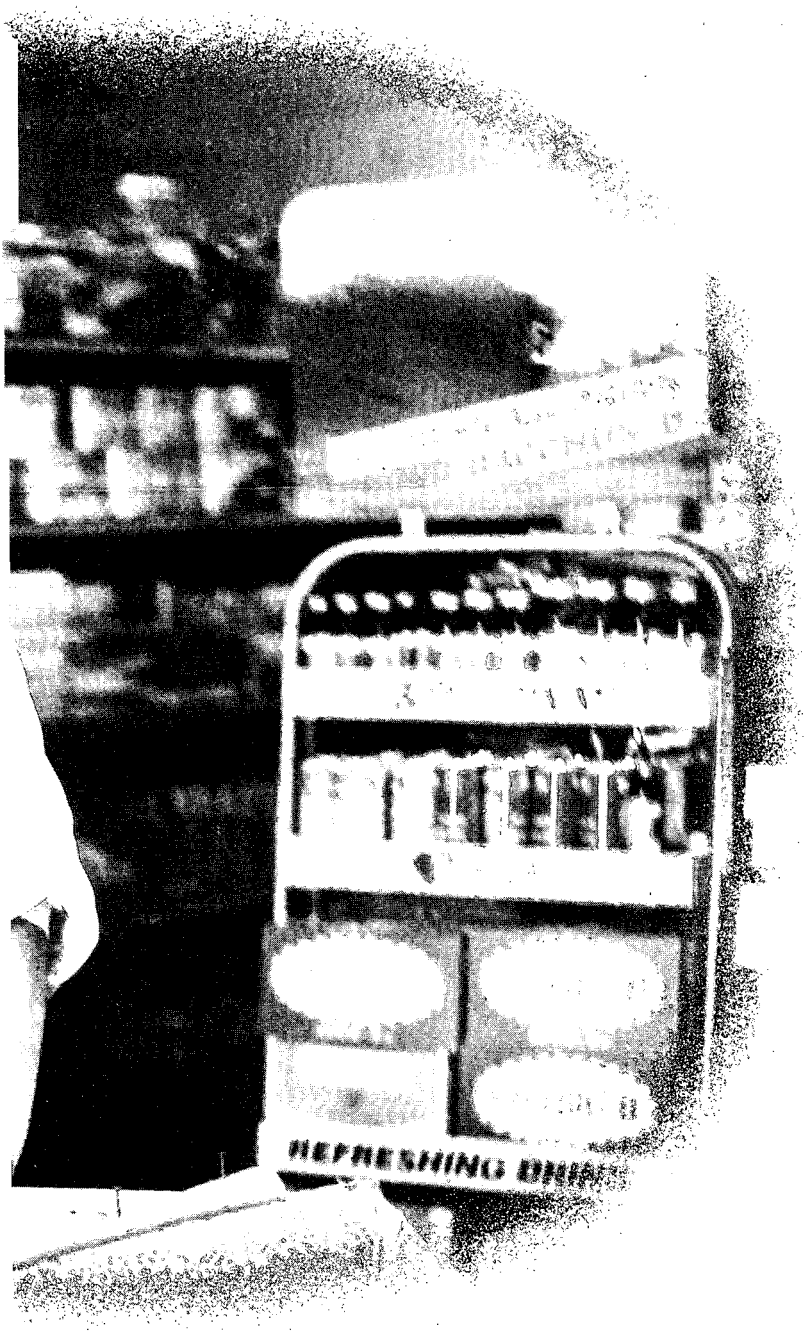


EET SUCCESS

Asian merchants are prospering in America's inner cities — and facing the pent-up frustration of blacks.

by Karl Zinsmeister

Late in September 1986 Sarah Carter, a black resident of Washington, D.C.'s economically pressed and nearly all-black Anacostia neighborhood, got into a quarrel with Cheung Hung Chan, the owner of a local Chinese-American carryout restaurant. The argument, which began as a mix-up over a food order, was the latest in a series involving Mrs. Carter and Mr. Chan, and it soon escalated. According to a local resident who was an eyewitness, Mrs. Carter angrily announced that she was going to get her son and have him "blow the joint up." At about that point, Chan pulled an unregistered .38-caliber handgun from under the counter and chased Mrs. Carter from the store.

Within half an hour local blacks had manned a picket line outside the store. Chan was arrested for firearms violations and eventually sentenced to 100 hours of community service. But his store was closed down for several months by picketing, vandalism, and threats. It soon became clear that the gun incident had touched off a much deeper resentment. A witness to the incident reported that when she asked Carter why she was arguing with Chan, Carter replied that "she wanted to see the store closed anyway because Chinese don't suppose to be owning all these stores in the community."

The Rev. Willie Wilson, a local minister who became the leader and spokesman of the protest, put the argument directly: "The Asian community is the latest of a series of ethnic groups that have come into our community, disrespected us, raped us economically, and

moved out at our expense." He urged blacks to "support our own" and called for the removal of nonblack businesses from black neighborhoods.

"Another Asian tenant in that location will not satisfy us," Wilson stated. "We're not saying we want to put all the Asians out of business, but we would like them to do their business elsewhere. Residents of Anacostia want to see Afro-Americans reclaim ownership of part of their community."

Several black leaders disavowed the protest, its anti-Asian sentiment, and its suggestion that small-business owners ought to be subject to political controls. The Rev. Lorren Hackett of the Anacostia Bible Church, for instance, decried the attempt to close the store as "a racial thing."

But Nadine Winter, the elected legislator representing the Anacostia district, declared in an October television interview that "the day of the Asian community occupying or getting the majority of business in a [black] neighborhood is over....We are not going to burn down our community....We are going to use our clout in city hall." She then advocated a government program to purchase businesses from nonblacks at their appraised price and install black "role models" in them.

Further evidence of how unabashed anti-Asian expressions have become in the black community came nine months later when Willie Wilson spoke at an outdoor political rally of prominent black supporters of D.C. Mayor Marion Barry. Calvin Rolark, president of the United Black Fund (a national organization that works in tandem with the United Way) and husband of another of Washington's city council members, introduced Wilson as "the man who had to get the boat people straight."

Similar incidents between Asian ghetto merchants and blacks have occurred in cities across the country. Nineteen eighty-five saw a series of confrontations between Korean businessmen and blacks in Harlem, where Korean-Americans own about a quarter of the shops on the main strip. Los Angeles has had a number of tense encounters, and in 1986 the Los Angeles chapter of the NAACP called for a "selective buying campaign" against Asian merchants.

Dozens of other incidents have been reported in cities such as Atlanta, Philadelphia, Chicago, New Orleans, Seattle-Tacoma, and Providence. Some disputes have sprung from competition between blacks and Asians over jobs, social services, and housing. But in the greatest number of cases the troubles have centered on the opening and operation of small businesses.

The frictions between inner-city blacks and Asians also exist to varying degrees among other groups in close proximity across the country. There has been conflict between blacks and Cuban entrepreneurs in Miami, for instance, and between white blue-collar workers and Asians in Massachusetts and Texas. But the broadest, deepest, and most sustained economic animosity in American cities today—and the only conflict clearly getting worse, not better—is between blacks and Asian-American entrepreneurs in low-income neighborhoods.

The specific grievances put forth by blacks against Asian merchants are several, and they are virtually identical wherever they surface.

Blacks often claim that Asians are stealing business opportunities in America's inner cities. A series of articles in 1984 in *The Sentinel*, an Afro-American newspaper in Los Angeles, condemned Asian shopkeepers' "takeover" of businesses in black areas. In a letter responding to the series, the executive director of the Los Angeles Commission on Human Relations objected that throughout the articles, the term "Black community" was used "to describe a geographical area in which it seemed to be suggested that nonblack businesses were unwanted, almost an encroachment on private property."

A corollary to this charge is the claim that Asian businesses are unlikely to employ blacks. In some cases this is simply inaccurate. (Mr. Chan, who was so charged, numbered two blacks among his four employees.) The real problem, however, is in the nature of these operations: 8 out of 10 Asian-American businesses have *no* paid employees and rely exclusively on family members as workers.

There is an overarching complaint that Asian small-business competition is "unfair." Koreans, Vietnamese, Chinese—they work "unfair" (meaning very long) hours. As the director of the Vietnamese Fishermen Association in Oakland, California, put it, "They don't go in for a beer. They don't go in to watch football. That makes other people mad."

And their expenses are "unfairly" low—not only do they spend little on leisure, they live very simply and share houses. One commonly hears variants of the statement by one black truck driver that "they move one in, and within a week's time, they've got 10 of them living in one room."

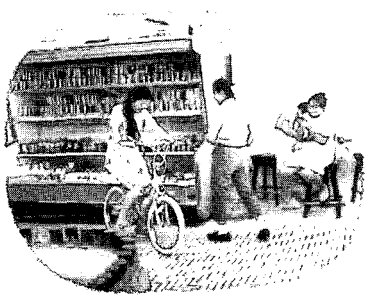
For many inner-city blacks, the felt cumulative effect of all these factors is to make Asian entrepreneurs impossible to compete with. There is a widespread feeling among American blacks that economically hypermobile Asian-Americans must be getting special assistance of some sort that is not available to other minority groups. Barrington Nicholas, a black Washingtonian who is himself a small-store owner, expresses a common sentiment when he says, "I know they get some kind of breaks, because I've seen it." Time and again an investigator will be told in whispered tones of federal programs, easy bank loans, special benefits of all sorts.

Perhaps tied to the perception among blacks that Asian merchants have an insuperable set of social advantages is the sensitive issue of "respect." Blacks sometimes complain that Asian businessmen, Koreans in particular, are arrogant and rude. Referring to Asian-American storeowners in her low-income area of Washington, daycare-center operator Yvonne Stewart says, "They can't seem to separate me from the men who hang on the corner."

The disrespect blacks feel from some Asian shopkeepers may grow partly out of language barriers or differences in cultural style. It may stem partly from the constant harassments any ghetto merchant, of any race, comes to resent: repeated hold-ups, pilferings, graffiti, burglaries, vandalism, and so forth. (Shortly after the Chan-Carter incident in Washington, a Korean shopkeeper was shot dead a few blocks away during a robbery.)

It also may well be that some Asian ghetto merchants simply are disrespectful. Incidents like the 1986 statement by Japan's Prime Minister Nakasone that minorities are a drag on American performance suggest that the societies from which some Asian immigrants come still harbor strong feelings of cultural superiority.

Whatever the case, there is no denying that wide cultural gaps often exist



Henry Kang (top photo) and his whole family work, eat, even ride bicycles at the fish market he owns with business partner Duk Chon Lee (far left).

between Asian immigrants and their American neighbors. The proposed opening, in 1986, of an Asian-owned restaurant in a black area of Philadelphia led black radio personality and civil-rights activist Georgie Woods to denounce Korean merchants on his radio show. "They don't look like us, and they don't live like us, and they don't act like us."

In Revere, Massachusetts, the scene of ongoing conflicts between Southeast Asian immigrants and white blue-collar workers, a neighbor of one immigrant family says, "Immigrants used to come from countries nearly as civilized as the U.S. These people come from jungle communities." A former Revere city councilor confides in hushed voice that "the rumor, strictly a rumor, is that they eat dogs."

In Revere, these kinds of "they're not like us" sentiments have led to violence, including rock throwing, serious beatings, and the Christmas Eve 1986 burning of a house sheltering 28 Cambodian immigrants. In Washington, D.C., 10-year-old Chinese-American Ho Cheung tells of taunts and beatings and the refusal of his black classmates to use his real first name, calling him "Chop Suey" or "Ching Chong" or "Chinky" instead.

The Justice Department reports there was a 62 percent increase in anti-Asian incidents in 1985. In Los Angeles County, Asians were targets of 50 percent of the reported racial incidents in 1986 (versus 15 percent in 1985). In Boston, 29 percent of racial crimes were against Asian-Americans in the latest year, compared to 2 percent five years earlier. These are very high numbers considering that Asian-Americans constitute under 3 percent of the population nationally.

Anti-Asian animosity has a long and dark history in this country. Throughout the century and a half Asians have been coming here they have always been distinguished equally by their inventive economic accomplishments and the remarkable backlash those achievements have

sparked. The first numerous Asian immigrants to this country were the Chinese, who came to San Francisco in the gold rush of 1848. Between 1850 and 1882 (when the Chinese Exclusion Act went into effect), over 300,000 Chinese entered the United States, most of them unskilled peasants.

Almost immediately, Chinese miners faced physical attacks and discriminatory taxes and regulations aimed at depriving them of gold claims. As a result they specialized in mining low-grade strikes and extracting ore from abandoned tailings. In the late 1850s, large all-Chinese work gangs were recruited to build the western railroads, in particular the Central Pacific transcontinental link. (This put them in direct and unpopular competition with the Irish laborers laying down the rival Union Pacific line.)

With the completion of the major railroads, low-wage Chinese laborers began to disperse. Some went back to mining. Some became sharecroppers, others raised vegetables on reclaimed land and peddled them themselves. The Chinese also became factory workers, especially in the garment, shoemaking, and cigar industries. Early on, Chinese entrepreneurs established companies and workshops of their own in each of these industries. As a result, when anti-Chinese agitations came along, resulting in the firing of Chinese workers, most of those laid off could be absorbed by Chinese-owned firms.

Anti-Chinese agitation never abated, however, and in 1882 union leaders, nativists, and groups in economic competition with Chinese entrepreneurs convinced Congress to cut off Chinese immigration. The move was a crushing blow to the Chinese presence in America, owing to the demographic peculiarity of Chinese immigration: it was made up almost exclusively of adult males. In the late 1800s, males outnumbered females in the Chinese-American community by about 25 to 1. As a result, there were few families, and without continued immigrant flows the number of Chinese soon dropped precipitously.

The exclusion of Chinese labor was an artificial edict of government, and soon American farms and industry were searching for a substitute. In the three or four decades after the Chinese Exclusion Act, approximately 300,000 Japanese arrived on American shores. Most replaced old and infirm Chinese as agricultural laborers in California. (Although never constituting more than a tenth of California's population, Chinese formed about a quarter of the state's labor force, since they were nearly all males of working age.)

The Japanese too soon learned how to translate low-wage labor into self-employment. Typically an immigrant would start as an agricultural field worker, progress to contract farming, then to sharecropping or leasing, and finally to land ownership and truck farming, an undertaking in which the Japanese quickly became preeminent. (In 1919, more than 10 percent of all California crops by market value were being raised by the relatively few Japanese farmers.) In cities, too, the small family-run business became a foundation of Japanese-American economic life. Japanese immigrants operated small shops, cafes, laundries, rooming houses, and the like. Others worked as domestics, which can serve as a kind of self-employment.

As Japanese economic success spread, demagogues pressed for further Asian business proscriptions. In the first two decades of this century California laws banned foreign-born Japanese from employing Caucasian women; made it illegal for Japanese to buy, inherit, or even lease land; made fishing license fees higher for Asians than for non-Asians; blocked foreign-born Asians from being licensed as realtors, beauticians, and so forth; and set special taxes on Asian immigrants. In addition, Chinese- and Japanese-American children were banned from certain public schools, and Asians were forbidden from giving testimony against whites in courtroom trials.

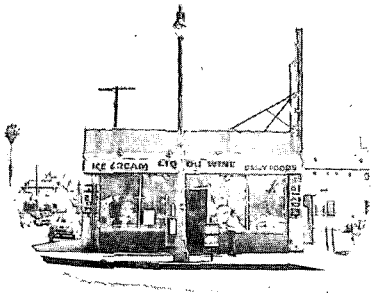
This ever-tightening noose of restrictions on Asian presence and enterprise —Asian immigrants barred from citizenship in 1870, Chinese forbidden even to enter the country in 1882, informal quotas on Japanese immigrants starting in 1907, multitudinous state and local laws obstructing Asian business activity—culminated in the Alien Quota Act passed by Congress in 1924, which almost completely excluded Asian immigrants. (Except Filipinos, who as residents of an American territory had immigration rights, and so became the next wave. The ancient beat of legal restriction and market substitution went on.)

How is it that Asian immigrants to this country have prospered, in some cases mightily, in the face of these extraordinarily concerted efforts to block their economic progress? There has been no universal formula. Historically, for example, the Chinese have tended to retreat in the face of persecution, while the Japanese have pressed on.

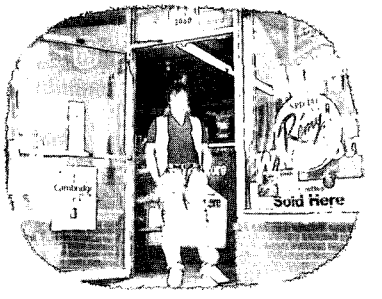
Chinese immigrants often migrated when they became unpopular in a particular area. They tended to segregate themselves in urban Chinatowns wherever they settled. They hewed fairly closely to one of several lines of employment—laundries and restaurants being favorites—where they were not likely to be competing with Caucasian businesses. These factors tended to enhance the physical safety of Chinese immigrants and provided the cohesive cultural and family environment most conservative Chinese wanted—but at the cost of ghettoization. It sometimes became difficult for Chinese to take the *second* step in the economic cycle, away from the laundries and cheap restaurants and into the economic mainstream.

The Japanese, on the other hand, many of whom excelled early on as businessmen-farmers, were much more vulnerable. They were scattered across large areas of the rural west. They were in direct, and often successful, competition with powerful native economic interests. They did not hesitate to exert their advantage when available, for instance by conducting strikes. For these reasons, the Japanese were much less likely than the Chinese to remain in low-paying service occupations. At the same time, the combination of political vulnerability and economic assertiveness helped produce cultural resentments against Japanese-Americans that were easily translated into internment demands after the sting of Pearl Harbor.

But, strangely, possibly even the trauma of the World War II relocation camps—and measured economically or, particularly, socially, the trauma was indeed massive—may have been turned by the Japanese to their own good. Sociologist William Petersen has suggested that the relocation, by breaking up and further dispersing the Japanese-American community, may have completed its integration into mainstream U.S. society. He points out that the Japanese in Hawaii, who were not interned, did not experience the same level of upward mobility after the war as did the main-



Look across the cash register in most Asian-American establishments and you are looking at the owner—in this case, Young Su Kim, who moved to the United States from Korea 12 years ago.



land Japanese.

Despite important differences among various groups of Asian immigrants, there are distinctive common aspects of Asian-American economic success. Some immigrant groups have emphasized political organization, education, or other factors as the means to successful integration. Asians, while not neglecting these methods, generally placed them second in importance to financial success. Only economic security and self-reliance, most Asian-Americans have believed, make other forms of social mastery lastingly possible.

And Asians are clearly energized by the experience of immigration itself. Cut off from all that is familiar and comfortable, immigrants have ever found solace, or at least forgetting, in overcompensating industry.

Moreover, an immigrant's very foreignness can help him get started in business. Immigrants have special consumer tastes that outsiders cannot easily satisfy: certain ethnic foods and groceries, specialized household goods and clothing, services—such as travel agency and insurance—transacted in an alien language. By filling these commercial niches in enclaves of their fellow foreign-born, a certain number of immigrants are able to become rapidly established as merchants.

The trick is to take advantage of those protected markets without becoming trapped in them. In Los Angeles, 46 percent of present Asian-owned businesses cater narrowly to other Asians, and the competition between them is often fierce. The likely pattern over time, however, is clear. Early in this century, more than two-thirds of Japanese retail trade was with other Japanese. By the 1920s, though, Japanese-American businessmen were doing a majority of their business with non-Japanese, and in a much broader range of industries.

Among the more recent arrivals, Korean-Americans have taken somewhat of a hybrid approach. By and large they have gone directly to general-market retailing, buying existing businesses with established non-Korean clienteles. Like

most immigrant start-up entrepreneurs, they have found their own variety of a partially protected market: inner-city corner establishments that had been abandoned by other merchants because they were either too exhausting to run, too crime-plagued, or too low-revenue. By putting in long hours, using low-wage family labor, and being willing to bear often difficult conditions, Koreans have been able to squeeze reasonable profits out of these businesses.

Also contributing to Asian economic success is that they often work almost heroically hard. Chi Loi, a young Vietnamese who opened an Orange County fish market with her husband in 1982, says, "Some Americans don't like us, they think we came with gold and diamonds. I try to explain that we're not that kind of people. We work very hard, to save money." Referring specifically to the black-Korean cultural gap, a Washington, D.C., Korean merchant states, "The blacks, they think you just make money easy. It's not true. We never off a day."

Jerome Winegar, the principal of a mixed-ethnicity South Boston high school, argues that "for the American poor, it doesn't take too much hot weather [before] people are sitting around, drinking beer and feeling sorry for themselves." The "problem" with Asian immigrants has sometimes been the opposite. In response to complaints from white fishermen in Texas and Florida of round-the-clock trawling by Vietnamese, state laws have been passed restricting the hours, zones, even net sizes allowable for commercial fishing. It is argued this is necessary to prevent over-harvesting.

Harold Stevenson of the University of Michigan, who has studied school performance of Asian-American children, maintains that "there are no clear indications that Asian kids are smarter than anyone else. There are lots of indicators that they work harder."

Resilience has also helped Asian-American business efforts. As the Japanese proverb exhorts, "Six times down, seven times up!" Each new external pressure would produce a clever response: having had their prime gold claims stolen, they became expert secondary miners. When alien land ownership was forbidden, titles were transferred to front men. When other opportunities were denied them, Chinese and Japanese laborers and miners worked as strike-breakers in place of Greek or Irish workers. When established retailers abandoned certain neighborhoods, Koreans stepped in.

Asian-American success also owes much to extraordinarily close-knit community structures. Asian-Americans have extremely low rates of divorce and family break-up. What's more, they are disproportionately likely to live in extended families with relatives. Kin groups—the *fong*, *kenjinkai*, and so forth—have always been important. And blood or clan relationships allow a strength of connection in business undertakings that a simple cash nexus could never provide.

For example: Tina Nguyen was born in Vietnam and came to this country 12 years ago at the age of 16. Today both she and her sister Ann are successful professionals in the financial department of a national corporation that runs hotels and nursing homes. They still live at home with their parents —both of whom also work—an older brother, and two older sisters. All of the adult siblings contribute their earnings to their parents for family use. The result is an extraordinary pooled income. The Nguyen siblings may draw from the family funds whatever they feel they need for clothes, living expenses, education, even purchases of stock and other investments, but savings are paramount, and all major financial decisions are made jointly. All social activities center on the family as well.

Their tightly woven community fabric has contributed signally to one of the central successes of Asian-Americans: an ability to raise capital for business ventures. Neither banks nor government agencies set up to promote minority enterprise have had much role in this, for a simple reason: New small businesses are incredibly risky, with more failures than successes. Loan officers at big institutions don't often get involved with them because they can't make the subtle judgments about which entrepreneur has a good chance and which doesn't.

Uncle Marvin, however, can make those judgments. Family and close friends are in an excellent position to know who in a given circle has what it takes to make a go of it in business. And if they subsequently entrust their life savings to that party, they do so without much fear that it will be absconded with.

The implication of all this, as economist Thomas Sowell has noted, is that members of close-knit groups like Asian-Americans—where individuals have intimate knowledge of one another's character—have greater potential resources to draw upon for seed capital. Black venture capitalist Ralph McNeal puts it simply: "People don't usually lend money to strangers."

Asian-Americans have piled up remarkable amounts of capital through family savings and other private means. The rotating credit associations they brought with them from their homelands have been important in this regard. Informal credit groups, known generically as *hui* ("association" or "club"), have been in existence in southern China for about 800 years. Similar organizations exist in Japan, called *ko*, *mujin*, or *tanomoshi* (the Japanese word *tanomu* means "dependable").

Korean-Americans have their own version of this institution. A 1986 *New York Times* article profiled one such pool. "Lee Wook Soo and his wife, Lee Jung Ja, gathered quietly one recent evening with 14 other Korean couples at the Young Bin Kwan restaurant in midtown Manhattan. They ate and they drank and they carried forward a centuries-old custom of mutual trust that has made it possible for hundreds of Korean immigrants to open businesses in the city....

"The custom is called a *gyeh*, a practice in which a group of people pool their money to form something much like a credit union. Each month someone else uses the collected money—usually interest free....

"The types of *gyehs* vary, though they generally include 12 to 30 people. Because large sums of money are at stake —monthly pools have been known to reach as high as $250,000—members must be trustworthy. Each month, the members contribute, say, $500 into the pool, and one member takes home the whole pot."

Korean "money clubs" like this also operate in Philadelphia, Washington, and many other cities. Eugene Kang, executive director of the Korean Produce Association in the Bronx, says there is "no way" a Korean immigrant with little money can get a business loan from a bank. "American society can't help an immigrant get started. The only real assistance is from the Korean community."

Another important asset of Asian immi-

Christina Choe and her husband Byung Koo Choe (at register) moved to the United States from Korea five years ago and now own a grocery in a black and Hispanic neighborhood in Los Angeles.

grants—right up to the present day—has been their willingness to accept even the most miserable positions in order to get a start. From migrant worker to sharecropper to independent farmer, or garment stitcher to saleswoman to boutique owner—these have often been remarkably rapid transitions. Asian immigrants, without forgetting where they want to be, have been willing to accept where they are. In shorthand, this might be rendered as "Proud, but not too proud."

But probably the clearest contributor to the rapid advance of Asian-Americans has been their strong bias toward self-employment. Earlier in this century observers remarked that "the feeling against the Chinaman" on the part of American working men was "more bitter and intolerant than that against the Negro." This feeling often was translated into anti-Chinese and Japanese labor laws.

The Chinese and Japanese reacted to the inability or unwillingness of business owners to hire them by starting their own enterprises and employing themselves. By 1920 more than half of the Chinese in the United States were employed or self-employed in Chinese restaurants or laundries. In the same year, half the hotels and a quarter of the grocery stores in Seattle were Japanese-owned. By the time of the 1940 census, a remarkable 40 percent of Japanese men in Los Angeles were self-employed.

Today, changed attitudes as well as equal-opportunity laws have eliminated most job bias against Asian-Americans. Yet Asian immigrants continue to migrate toward self-employment, for other reasons: Many foreign-born Asians have English-language deficiencies and less schooling—or at least different, nontransferable schooling—than native-born workers. They often have less job experience and fewer skills of the informal cultural type. These factors limit their usefulness as employees and lead them to small businesses, where they can tailor themselves a work situation that maximizes their talents and minimizes their weaknesses.

When last tallied in 1982 there were 256,000 businesses owned by Asian-Americans. (Blacks, who were over seven times as numerous, owned 339,000 businesses.) The Chinese (53,000) and Japanese (49,000) have been joined by Koreans (32,000), Filipinos (26,000), Indians (26,000), Vietnamese (5,000), and others. Koreans run about 85 percent of the small corner grocery stores in Washington, D.C., and 900 of the 1,600 located in New York City, where they also operate over 200 dry-cleaning establishments. Indians manage 800 of California's 6,000 motels. Along the Gulf Coast, Vietnamese—almost all of them having arrived within the last 10 years—own more shrimp boats than whites.

It is easy to get carried away when discussing Asian-American entrepreneurship. To avoid misconceptions, it is important to appreciate precisely what kinds of businesses are at issue. Although a fair number of Asian-Americans have set themselves up as professionals (there are, for instance, more Filipino doctors than black doctors in the United States), the overwhelming number run small, labor-intensive neighborhood stores. Sole proprietorships account for 92 percent of Asian-American firms, partnerships for another 6 percent. Only 2 percent are corporations.

Almost 70 percent of Asian-American businesses are in the services and retail sector, with the largest groups being food stores, restaurants, miscellaneous retail, health services, service stations, and auto dealerships. Only about 20 percent of Asian-American businesses have any paid employees. As of 1982 (the most recent survey), the average business had gross receipts of $70,000.

On the whole, then, these are quite modest operations, often involving traditional ethnic products and requiring long hours of unpleasant work by entire families. Despite upward movement, many Asian entrepreneurs remain heavily ghettoized in their occupations: Chinese in restaurants, Koreans in 7-Elevens, Vietnamese in jewelry stores, and so forth.

Few foreign-born Asian entrepreneurs are getting rich—look across the cash register in most establishments, and you are looking at the owner. In fact, if the family's second generation held to the same pattern as the first—doing grubby, difficult work all day for low wages and then going home to a cramped apartment at night—few of us would describe these families as clear successes. But of course the second generation will not live as the first.

In many places today it is becoming difficult to find an inner-city Jewish shopkeeper or Italian or Greek grocer. Believe it or not, in 30 years it may also be difficult to find a Korean greengrocer or Indian motel owner. Second-generation Asian-Americans are doing one of two things. Either they are joining the flood of talented Asian-origin students currently pouring into American colleges and universities, or they are taking their family businesses to the next level.

One sees this latter development in the Washington, D.C., metropolitan area (one of the major receiving points for the post-1970 wave of Asian immigrants), where Vietnamese, Chinese, and Koreans are franchising or opening chains of successful service businesses, are getting into real estate development, and are establishing a strong new presence as regional wholesalers of food and merchandise.

The formula is well-proven in America. Yet it is a sad story in some ways—an entire generation sacrificing first its sense of place and then its own well-being, all so that successor generations (inevitably of somewhat alien values) may know the physical comfort and personal satisfaction forgone by the first.

Figures are often cited showing that Asian-Americans have high average incomes—higher than whites even. These comparisons usually fail to note, however, that 90 percent of Asians live in high-cost metropolitan areas; that Asians average more workers per family (2, versus 1½ for non-Asians) and that they work longer hours; or that Asian-Americans have higher than typical levels of education (among third-generation Japanese-Americans, 88 percent are college graduates). When demographic adjustments are made, one finds that the relatively high earnings of Asian-Americans are simply a function of their high levels of training and effort.

Furthermore, Asian-Americans often have heavy expenses. Their families are, on average, large. Because of their tendency to sink capital into small businesses and education, they often face stiff demands on their incomes. And many Asian-Americans, particularly the nearly one million refugees from Southeast Asia, send substantial sums to relatives and friends in desperate need back in the home country. (Packages of food, medicines, and merchandise mailed regularly by expatriates in the United States may constitute up to a tenth of Vietnamese personal consumption.)

One other thing is missing from most discussions of Asian-American economic success: acknowledgment of the flip side. In 1980, 18 percent of Chinese families who had immigrated in the previous decade were poor, as were 15 percent of Koreans and 35 percent of Vietnamese.

For nearly 100 years, Asian-Americans were stereotyped in a monolithically negative way. It is possible that in the last 40 years we have inverted that view. Asian-Americans are often portrayed today as uniformly devoted, hardworking, responsible, and consistently—sometimes almost effortlessly—successful. A Chicago-area study by education professor Barbara Schneider found that Asian students in public schools were perceived by their teachers to be smarter and better behaved even when they were not. There is the danger that setting up Asian-Americans as a pet minority will inspire resentment among competitors.

And of course such thinking makes things psychologically difficult on the many Asian-Americans still struggling to make it. It has been reported that as many as 18 out of 20 small businesses started by Indochinese refugees will fail within the first year. Success is anything but automatic. What's more, there are important differences among various groups of Asians. Many Americans would be surprised to hear from San Francisco Vietnamese leader Tran Tuong Nhu that "as a rule, Vietnamese are not goal- or success-oriented, which makes them particularly unsuited for the rhythm of American life. Most are not pushy, most do not know what it means to 'get ahead.' "

The shifting composition of Asian immigrant groups is having important effects. "The Chinese kids from the mainland we are getting are not the same kids as the ones we got from Hong Kong and Taiwan," one school principal in New York City's Chinatown reports. "In terms of productivity, we are finding that the kids who lived under Communism lack motivation. It's really amazing to see the change."

Among the Chinese arrivals of the last

decade or two are many who, while still referred to as Hong Kong Chinese because that was their point of embarkation, are actually mainlanders. Because they know little English and are from areas with dialects different from earlier Chinese immigrants', few can communicate with established Chinese-Americans. What's more, many are uneducated and have no occupational skills. A few are reported to be ardent propagandists for Maoism. All of these factors have isolated them from both American and Chinese-American society, and some of the young males have become involved in an outbreak of gangsterism in Asian-American communities across the country.

Other problems derive from difficulties the post-1979 "boat people" and other refugees from Southeast Asia have had in coping. For instance, the 60,000 U.S.-based Hmong—hill-dwelling subsistence farmers from Laos who didn't even have a written language until 30 years ago—have had an especially tough transition.

In a few places, particularly rural settings, they have settled successfully. Half the Hmong living in McDowell County, North Carolina, for instance, have bought houses, most have jobs, some are going to college. But in cities in California, Wisconsin, Minnesota, and elsewhere the more typical pattern is that from 65 to 80 percent of the Hmong are receiving some form of public assistance.

And it is not just the Hmong. Three out of 10 Southeast Asian families in California, where this issue has aroused considerable animosity, have received aid for 4 to 10 years. Part of the problem is California's system, which has welfare payments 65 percent above the national average and a dependency rate for Southeast Asians about twice as high as in the rest of the country. More generally, refugees have been pushed toward public aid by social workers. This has damaged their community fabric, particularly by undermining the economic role of men.

Even in the area of welfare dependency, though, Asian immigrants have displayed some interesting entrepreneurial tendencies. Hmong welfare families in California are known to be leasing land and working it day and night to produce vegetables and fruits for sale. Transactions are made through front men to avoid disqualification from public assistance. In Los Angeles, New York, and other cities, Vietnamese women on public assistance often work up to 14 hours a day, 7 days a week at underground jobs as seamstresses, receiving payment in cash to avoid detection. Caseworkers think that *most* Asian-Americans on public assistance may be working on the side.

It is not clear whether this entanglement with welfarism will wreak significant long-term damage on the refugees' economic prospects. Until fairly recently (with the vast expansion of the nation's welfare system), Asians have been very light consumers of public aid. In 1933, in the teeth of the Great Depression, only 1.2 percent of Chinese-Americans in New York were on relief, compared to 9.2 percent of the white population and 23.9 percent of the black population. It is a good guess, though, that thanks to cultural disciplines and their recent contact with a bracing Third World survival ethic, Asian immigrants will be better immunized than most American poor against the long-term, enervating dependency that is welfare's main affliction. A California refugee administrator grudgingly observes, "You've got to give these people credit. They've developed the underground economy because they're ambitious. They're not content to get that welfare check, kick back, and watch a ballgame." As one Vietnamese woman told the *Los Angeles Times*, "The extra money that we make we use very carefully. We use it for the future."

Joon Kim, who came to the United States when he was one year old, mans his parents' Los Angeles store, while they work at a second store in the suburbs.

Even otherwise antagonistic groups, notes Thomas Sowell, can interact harmoniously in low-income areas when there is a shared economic interest. In his book *The Ghetto*, Louis Wirth cites a case from earlier in this century: "The Poles and the Jews in Chicago...detest each other thoroughly, but they live side by side on the West Side....They have a profound feeling of disrespect and contempt for each other, bred by their contiguity and by historical friction...but they trade with each other on Milwaukee Avenue and on Maxwell Street."

Black Americans and Asian immigrants, too, have achieved a partial commercial accommodation. Ghetto blacks desperately need the stores and services that nobody else but Asian immigrants seems able to supply. And clearly Asians need black patronage. But their symbiosis is a very uneasy one.

Some of the mutual bafflement is captured by an anecdote from Providence, Rhode Island, home to both a sizable black community and a large number of Southeast Asian immigrants. According to the *New England Monthly*, a Providence Laotian was tending his car on the street. A black man approached and demanded to know how long he had been in America. Three years, answered the Laotian. The black man asked him how he'd been able to afford the car. The Laotian responded by asking his interlocutor how long *he* had been in America. Insulted, the black man said he'd been born here, to which the Laotian responded, "If you've been here your whole life, why *don't* you have a car?"

The gap between poor blacks and Asian-Americans grows out of a whole host of cultural divergences, and it yawns wide with no sign of closing. Building on their traditions of hard work, strong families, and petty enterprise, Asian-Americans will undoubtedly continue in their extraordinary pattern of economic mobility. But quite likely, the antipathy from less-successful groups to which that success exposes them will also continue, and possibly grow worse before it gets better. ◻

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THE DUKE TALKS

Tall

The dirty little secret behind the Dukakis "miracle" in Massachusetts

If you are planning to drive to Massachusetts, you'd better bring a checklist with you to the state line.

Immediately after the "Welcome to the Commonwealth of Massachusetts" sign, you will encounter the first evidence of why the state is often referred to as "The People's Republic of Massachusetts." The next sign is a no-nonsense warning that if you are caught with that gun in your glove compartment—even though it may be registered

by **JOHN A. BARNES**

in another state—you are looking at staying about a year longer than you had planned.

The third sign used to read, "Wearing of seatbelts is required. $15 fine for noncompliance." Since that little piece of statism was rejected at the polls last November, however, it now merely reads, "Massachusetts strongly recommends you buckle up."

A little farther on you are given fair warning that you may encounter police roadblocks to make random checks for drunk drivers. In the event you are offended at being pulled over without probable cause and refuse to take a breathalyzer test, you have convicted yourself in the eyes of the state and consequently lose your driving privileges for 120 days. No trial necessary. Very neat.

If your palms are starting to feel a bit clammy at this point, don't relax, because you're not finished yet. Despite the federal repeal of the 55-mph speed limit for most interstates, Massachusetts swiftly rejected the idea and announced that the double-nickel would remain. The last sign warns that this limit is "strictly enforced."

"The spirit of Massachusetts is the spirit of Bulgaria," warbles *Boston Herald* columnist Don Feder, paraphrasing the state's tourist jingle. All of the above restrictions and regulations demonstrate that the Rev. Jerry Falwell has nothing on Gov. Michael Stanley Dukakis when it comes to enacting social controls into law. All of these signs were made necessary by laws enacted under Dukakis, now widely viewed as the Democratic front-runner since the Gary Hart campaign crashed and burned last May.

Just 53 years old even after 10 years in the state house Corner Office (and a four-year hiatus), Dukakis's dark hair is now edged with gray at the temples. His height is a matter of some dispute, since it seems to vary between 5'8" and 5'9". Some members of the press corps that covers him speculate that he wears lifts on occasion. Nevertheless, he comes across very well on television. For a few years he was moderator of the popular public affairs debate program, "The Advocates."

BOB SCHUCHMAN

The Duke, as he is widely known, is a born politician. His father emigrated from Greece and earned a medical degree, eventually becoming a property developer and highly paid "lawyer's doctor" who testified as an expert witness in trials. Treated to Swarthmore and Harvard Law School, the young Dukakis wasted no time. He was elected to the state legislature just two years out of law school. His marriage to Kitty Dickson, daughter of Boston Pops Associate Conductor Harry Ellis Dickson, helped raise him out of the legislative ruck and greatly enhanced his stature in Boston's elite artsy-cultural circles.

Dukakis made his first bid for statewide office in 1970, when he was the Democratic nominee for lieutenant governor. He lost but came back four years later to win the governorship in the depths of Watergate and the national recession.

The ice-cool telegenic exterior he projects now is a far cry from the brash and arrogant "reformer" who took office in 1975. In his personal asceticism (he once offered a group of tired campaign workers one chocolate chip cookie each) he was very reminiscent of another governor elected that year, California's Jerry Brown. Dukakis may lack warmth and charisma, but no one should underestimate him: after more than a quarter century in politics, he is a skilled and aggressive politician who has built a formidable political machine.

Though he denies it now, Dukakis was widely perceived as hostile to business growth and development in his first term and did little to dispel the image. Massachusetts businessmen quickly got the idea and began packing for low-tax neighbor New Hampshire. Ordinary people weren't hanging around either. At the end of the decade, the population had grown only eight-tenths of one percent, compared with

a national rate of 11.4 percent.

Dukakis either didn't know or didn't care about the obvious signs of seething discontent. In 1976, he supported an initiative that would have made the state's personal income tax a graduated levy. It was defeated by a three-to-one margin.

Dukakis's main selling point in his campaign for the White House is the robust state of the Massachusetts economy. "I bring a message of good jobs and economic opportunity and vibrant, sustained economic growth for every American in every part of the country," he claimed when unveiling his presidential campaign. "It is a message of opportunity for all."

He had said much the same thing to audiences in economically depressed Louisiana a few days earlier, pointing out that in a decade Massachusetts had evolved from a stagnant economy with double-digit unemployment to a high-tech go-go state with the lowest unemployment rate in the nation, a development he will take credit for in front of anyone who will listen. "If he could do it there, why not for the whole country?" asked an impressed Louisianan listener.

The only problem is that *he* didn't do it. The legendary Massachusetts economic boom was by and large a product of policies and forces unleashed in the four years of Dukakis's hiatus from the Corner Office between 1979 and 1983. Duke has another problem: the state economy has now stalled and is headed for rough water in a year or two.

Two events were primarily responsible for bringing Massachusetts back from the dead, and they both happened on the night of November 4, 1980. First and most important was the passage of Proposition 2½, which cut the state's average property tax rate from 4.8 percent to 2.5 percent (by comparison, it took a rate of just 2.8 percent in California to set off Proposition 13). Second was the election of Ronald Reagan as president, with his program to "rearm America" through big increases in defense spending. Lower energy costs courtesy of OPEC's collapse didn't hurt either.

There is now no dispute between liberals and conservatives that Proposition 2½ (which Dukakis vigorously opposed from his exile at Harvard's Kennedy School of Government) was a lot more than just a tax-cutting measure. By passing it over the objections of every major politician and interest group, the voters sent a powerful message to Beacon Hill that they wanted the state's chaotic fiscal house put in order. Passage of the measure also did a great deal to convince businesspeople and ordinary citizens that the only state in the Union to support George McGovern was not some kind of left-wing oddity and that it was safe to do business there and invest in its future.

Before 2½, the "Taxachusetts" nickname was largely justified. Under the last Republican governor, Frank Sargent in the early 1970s, no expense was too great, no program too dubious to be tried and kept in place more or less indefinitely. At the time of Dukakis's election in 1974, Massachusetts had the second-highest tax burden in the country, a whopping 124 percent of the national average.

No one, however, seemed to make the connection between the high tax burden and the lack of economic growth. Dukakis added to the problems during his first term by slapping on a 7½ percent "temporary" income surtax and a sales tax increase—on top of several already hefty tax boosts under Sargent. High-tech companies, led by graduates of Harvard and MIT, were chomping at the bit to expand their operations but demanded tax relief as a prerequisite. Their not-so-veiled threat: Cut taxes or we'll be forced to look for greener pastures.

"A professional engineer thinking of moving to Massachusetts from a Sunbelt state faced an automatic rise in his cost of living of $4,000 or more per year," says economics writer Warren Brookes, whose carefully detailed columns were a spur to Proposition 2½. "While Massachusetts was a nice place to have a headquarters, it was turning out to be a very poor place for companies to build their plants." And without that engineer, the company could not hire the dozen or so other employees it needed to assemble the circuitry the engineer had designed.

But Dukakis wouldn't budge on taxes. It cost him dearly at the polls in 1978 against Ed King, who was emphatically probusiness and favored low taxes. While Dukakis likes to point to the 200,000 new jobs created on his watch between 1976 and 1978, that rate of growth almost precisely matched the national increase at the time. In King's first year the rate of job growth also tracked the national average, but in his second year—after he had imposed a cap on local tax increases and cut capital gains taxes by 60 percent—Massachusetts kicked ahead of the national economy. From 1979 to 1980, the state gained 50,000 new jobs, more than four times the national average. In the 24 months after 2½, the state's private sector created 720,000 new jobs—despite a national recession.

Dogged by scandal, King's administration fell before a Dukakis comeback in 1982. Without Proposition 2½, however, the gains that Dukakis brags about might have been ephemeral. In a major Sunday magazine cover story last year, the liberal *Boston Globe*, which had strenuously opposed Proposition 2½, was forced to admit that "the single most powerful engine of change in recent Massachusetts political history has been what just a few years ago was seen by most politicians as a cataclysm that would destroy Massachusetts—the tax cut referendum Proposition 2½."

"Massachusetts's success is not based on recent [economic] developments," wrote Frederick S. Breimyer, chief economist of the State Street Bank and a member of the New England Economic Project at the Kennedy School, in an article in the *New England Report* newsletter. "Rather, the economy continues to enjoy the favorable legacy that dates prior to 1984."

Defense spending is a somewhat less important but still very significant factor in the state's economy. With only 2 percent of the nation's population, Massachusetts garners 6 percent of the federal military procurement budget. This spending has directly or indirectly generated a substantial chunk of recent job growth. Dukakis, of course, is no friend of military spending and would likely attempt to trim it further if he reaches the White House.

What about Dukakis's own policies? While he brags that his Employment and Training program (known as "E.T.") gets people off welfare, his economic policy basically puts corporations on welfare. Whenever business needs a handout, a break, a state-subsidized loan, or a public-private "partnership," the Duke is there to help out.

While Dukakis cannot claim credit for much of the boom, he almost certainly can take the blame for the coming bust. Looked at with a cold eye, 1986 was not a good year for the state economy. Nonfarm personal income increased by 1 percent, the same as the national average. Not bad, you say? It is when you consider that from 1982 to 1985, total personal income was growing as much as 40 percent faster than the national average. In 1985, Massachusetts was 3rd in the nation in personal income growth. Now it is a middling 21st. That's a big drop no matter how you measure it. Nor can the problem be attributed to regional slow growth: the personal incomes of New Hampshire and Connecticut residents are growing much faster than the national average.

For all Dukakis's talk about helping those ignored by the "bicoastal recovery," the nation's blue-collar workers shouldn't look to him to somehow save their jobs. While the Boston and Lowell areas are doing fine, the situation is much grimmer in the cities and towns in the hinterlands, where nondefense manufacturing is still the main source of employment. Last year, while Dukakis was trumpeting the state's economic successes to the National Governor's Conference, General Electric was closing a plant in Pittsfield and laying off 1,000 workers. Another plant recently closed in Lynn, sending 1,800 more manufacturing jobs to the history books.

Nationally, the number of manufacturing jobs dropped by less than 1 percent in 1986 and total employment rose by 11.3 percent. But the indicators point the other way in the Bay State. Altogether, Massachusetts has lost around 60,000 manufacturing jobs—still the heart of its economy—since June 1984. (The state *gained* manufacturing jobs under King.)

To a large extent, the growth in service jobs has offset the losses on the manufacturing side, which keeps the problem from showing up in the unemployment figures (the fact that the work force didn't grow helped too). Nevertheless, since Dukakis's economic policies have been fully in effect (January 1984 to January 1987), Massachusetts has had one of the worst employment-growth records among the 11 major industrialized states: 4.1 percent, compared with 7.6 percent for the nation and 11.9 percent for "depressed" Michigan. Even Texas, the heart of the oil patch the Duke says he wants to help, was higher at 5.3 percent.

High tech? It's having its share of problems too. Economist Breimyer calls Massachusetts "a slow growth economy whose high-tech sector is losing jobs every month faster than the rest of the nation." Bank of Boston Chief Economist James Howell predicts that "this trend will continue for some years as the high-tech industry, faced with a stagnant workforce base, becomes more and more capital intensive and outsources more and more of production out of state and overseas." Between December 1984 and September 1986, high-tech employment in Massachusetts fell by 7.9 percent, compared with a national falloff of 4.4 percent.

All this has caused government revenues to nosedive. In fiscal year 1986, Massachusetts had a $600-million budget surplus. Yet in his budget for FY 1988, the governor had to ask for $400 million in various revenue raisers. Revenues are now growing only one-third as fast as they were in 1985, and there are even rumblings around the state capital that the current FY 1987 budget may experience a shortfall.

For all the talk of the "new Dukakis," one thing hasn't changed: his hatred of tax cuts. The "temporary" surtax that he enacted when he entered office the first time was not repealed until 1986, and then only when it was clear the voters would repeal it by referendum.

Then there's the much ballyhooed E. T. program. This has the advantage of appealing to economic conservatives because "it gets people off welfare" while not alienating liberals because it promises "real jobs with real wages." Peel back the veneer, however, and the program doesn't look so good.

First, the program is completely voluntary. No welfare recipient who doesn't want to participate has to. Second, about one-third of the 25,000 people E. T. claims to have helped since 1983 hold part-time jobs that pay less than $10,000 a year and are still receiving some welfare. Furthermore, in a state where numerous low-skill jobs (cashier, waiter/waitress, dishwasher) go begging, many of the people "trained" by E. T. would likely have had little difficulty finding jobs anyway.

According to columnist Brookes, E. T. has not appreciably reduced the welfare caseload. The really major change, he says, took place during the administration of King, whose "find work or else" policy got 40,000 people off welfare in a single year. Dukakis also rarely notes that it was changes instituted by President Reagan in 1981 that permitted governors to experiment with workfare programs. Prior to that, any effort to have welfare recipients earn their pay was howled down as "heartless" by liberals such as, well, Mike Dukakis.

In fact, there are so many questions about E. T. and its effectiveness that workers in the welfare department have been ordered not to speak with reporters. The state has refused to cooperate with either "60 Minutes" or *Fortune* magazine in doing stories on the program.

In order to buy peace on the home front, Dukakis's recent budget has funded almost everything under the sun, causing state spending to balloon at nearly four times the rate of inflation. The drop in revenues, combined with a tough cap on state taxes the voters imposed last November, will make for a very interesting situation. Dukakis is living on borrowed time. If he is still in the race six months from now, he will likely have some explaining to do.

What are his chances in a presidential contest? With the disappearance of Gary Hart, he has at least as good a shot at the nomination as anyone else in the running. But while he has won overwhelming reelection, Massachusetts voters have frequently rejected his policies in referenda, as witness the tax surcharge and the seatbelt law.

Dukakis's advisors like to point out that New Hampshire, home of the first presidential primary, is already familiar with Dukakis. Yet others believe familiarity breeds contempt. New Hampshire's closeness did nothing to help Sen. Edmund Muskie in 1972 or Sen. Edward Kennedy in 1980. Many New Hampshire residents are New Hampshire residents to begin with because they couldn't stand living in a Dukakis-governed state.

For all his talk of being a "new Democrat," Dukakis is fundamentally an old Democrat in new clothing. His ravenous appetite for ever-greater social spending, backed up by limitless taxation, is there for all who choose to see. The more you look at the new Duke, the more he resembles the old one. r

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CONSTITUTION

SERIES

1787-1987

AN

EXAMINATION

INTO THE

VIRTUES and PERILS

OF THE LATELY PROPOSED

CONSTITUTION

The Grand Convention at Philadelphia having recently reported a new Federal Constitution to the United States in Congress assembled, and the new plan having raised alarm in every State, the editors of this publication have deemed it instructive to the citizens to present a debate on the merits of this system of government. These be among the esteemed figures who repaired to REASON's quarters and discoursed on these matters with Editor-in-Chief Marty Zupan:

James Madison, Jr.
is a scholar and landowner in the westerly region of Virginia. He attended the Federal Convention, and it is said he took down a private record of the meeting's secret proceedings.

"The Federal Farmer"
is the author of pamphlets known in the several States. He is said by some to be Richard Henry Lee of Virginia, but the truth be not known. Another writer ("Helvidius Priscus") wisely notes, "It is not material whether the federal farmer belongs to Virginia or Kamtschatka, whether he owns five hundred negroes or is a man of no property at all—if his arguments are cogent, his reasonings conclusive."

"Agrippa"
is, to our best evidence, Harvard librarian James Winthrop. If it be so, Agrippa fought in the Revolution and lately served as a volunteer against the Shays insurgents.

John Jay
is Congress's Secretary of Foreign Affairs. He wrote the State constitution of New York of 1777 and represented the Confederation in negotiating the Treaty of Peace of four years ago.

"Brutus"
writes in the *New York Journal*. He now comes forward as Robert Yates, the New York justice and delegate to the Convention from Governor Clinton's party. Mr. Yates left the Convention July 10, being the first, with fellow delegate John Lansing, to defect.

Alexander Hamilton
is the well-known member of Congress and writer on public matters who served as aide-de-camp to General Washington during the war. He was sent to the Convention from New York, backed by interests opposed to Governor Clinton.

Luther Martin
is Attorney General of Maryland and served as a delegate to the Convention. Mr. Martin left 13 days before the new Constitution was signed (one of four members who opposed but were absent at signing.)

The Signing of the Constitution in 1787
Painting by Stearns

Reason: Gentlemen, perhaps you would address first the question many good citizens are asking—Why a new constitution?

Alexander Hamilton: To provide a more vigorous government. There is scarcely anything that can wound the pride or degrade the character of an independent nation which we do not experience. Do we owe debts to foreigners and to our own citizens contracted in a time of imminent peril for the preservation of our political existence? These remain without any proper provision for their discharge. Have we valuable territories and important posts in the possession of a foreign power which, by express stipulations, ought long since to have been surrendered? These are still retained to the prejudice of our interest, not less than of our rights. Are we in a condition to resent or to repel the aggression? We have neither troops, nor treasury, nor government (I mean for the Union). Are we entitled by nature and compact to a free participation in the navigation of the Mississippi? Spain excludes us from it. Is public credit an indispensable resource in time of public danger? We seem to have abandoned its cause as desperate and irretrievable. Is respectability in the eyes of foreign powers a safeguard against foreign encroachments? The imbecility of our government even forbids them to treat with us. Our ambassadors abroad are the mere pageants of mimic sovereignty.

The Federal Farmer: We are in no immediate danger of any commotions. We are in a state of perfect peace, and in no danger of invasions. The State governments are in the full exercise of their powers, and our governments answer all present exigencies, except the regulation of trade, securing credit, in some cases, and providing for the interest, in some instances, of the public debts.

Mr. Hamilton: I am much mistaken if experience has not wrought a deep and solemn conviction in the public mind that greater energy of government is essential to the welfare and prosperity of the community.

The Federal Farmer: But whether we adopt a change three or nine months hence can make but little odds with the private circumstances of individuals —their happiness and prosperity, after all, depend principally upon their own exertions.

Luther Martin: If we do not agree to this Constitution, what is to prevent us from meeting in convention again?

John Jay: Rejection of the plan of the Convention would put the continuance of the Union in the utmost jeopardy. I sincerely wish that it may be clearly seen by every good citizen that whenever the dissolution of the Union arrives, America will have reason to exclaim, in the words of the poet: "Farewell! A long farewell to all my greatness."

Agrippa: It does not appear that anything more was necessary to be done than framing two new articles. By one a limited revenue would be given to Congress with a right to collect it, and by the other a limited right to regulate our

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intercourse with foreign nations.

Mr. Hamilton: The Confederation is a system so radically vicious and unsound as to admit not of amendment but by an entire change in its leading features and characters. A firm union will be of the utmost moment to the peace and liberty of the States as a barrier against domestic faction and insurrection. It is impossible to read the history of the petty republics of Greece and Italy without feeling sensations of horror and disgust at the distractions with which they were continually agitated, and at the revolutions by which they were kept in a state of perpetual vibration between the extremes of tyranny and anarchy.

The Federal Farmer: We can put little dependence on the partial and vague information transmitted to us respecting ancient governments. Our situation is peculiar: Our people have a high sense of freedom. They are high-spirited, though capable of deliberate measures. They are intelligent, discerning, and well informed. It is to *their* condition we must mould a constitution and laws.

Agrippa: A favorite objection against a free government is drawn from the irregularities of the Greek and Roman republics. But it is to be considered that war was the employment which they considered as most becoming freemen. Agriculture, arts, and most domestic employment were committed chiefly to slaves. But Carthage, the great commercial republic of antiquity, though resembling Rome in the form of its government, and her rival for power, retained her freedom longer than Rome and was never disturbed by sedition during the long period of her duration. This is a striking proof that the fault of the Greek and Roman republics was not the form of their government, and that the spirit of commerce is the great bond of union among citizens.

Mr. Hamilton: You suggest that commercial republics, like ours, will never be disposed to waste themselves in ruinous contentions with each other. They will be governed by mutual interest, and will cultivate a spirit of mutual amity and concord. Is this not the true interest of all nations? Have they in fact pursued it? Have republics in practice been less addicted to war than monarchies? Has commerce hitherto done anything more than change the objects of war? Is not the love of wealth as domineering and enterprising a passion as that of power or glory? Have there not been as many wars founded upon commercial motives since that has become the prevailing system of nations, as were before occasioned by the cupidity of territory or dominion?

Sparta, Athens, Rome, and Carthage were all republics; two of them, Athens and Carthage, of the commercial kind. Yet they were as often engaged in wars, offensive and defensive, as the neighboring monarchies. Sparta was little better than a well-regulated camp, and Rome was never sated of carnage and conquest. Carthage was the aggressor in the very war that ended in her destruction.

I can scarcely believe we are serious in proposing to vest the powers of laying and collecting internal taxes in a government so imperfectly organized.

The Federal Farmer

The provinces of Holland, till they were overwhelmed in debts and taxes, took a leading and conspicuous part in the wars of Europe. Commerce has for ages been the predominant pursuit of Britain. Few nations, nevertheless, have been more frequently engaged in wars, and they have in numerous instances proceeded from the people.

Agrippa: Yet if we examine the present state of the world we shall find that most of the business is done in the freest states, and that industry decreases in proportion to the rigor of government. There cannot, from the history of mankind, be produced an instance of rapid growth in extent, in numbers, in arts, and in trade that will bear any comparison with our country. This is owing to what you friends of the new system —and enemies of the revolution, for I must take you to be nearly the same —would term *our extreme liberty.*

Mr. Jay: And yet it is true, however disgraceful it may be to human nature, that nations will make war whenever they have a prospect of getting anything by it. With France and with Britain we are rivals in the fisheries. With most European nations we are rivals in navigation and the carrying trade. In the trade to China and India, we interfere with more than one nation by supplying ourselves with commodities which we used to purchase from them. The extension of our own commerce in our own vessels cannot give pleasure to our neighbors. Inducements to war may arise out of these circumstances, and pretenses to color and justify them will not be wanting. Wisely, therefore, do the people of America consider union and a good national government as necessary to discourage war.

Mr. Hamilton: America, if not connected, would by the operation of jarring alliances between the different States and different foreign nations, be gradually entangled in all the pernicious labyrinths of European politics and wars. *Divide et impera*—Divide and command—must be the motto of every nation that either hates or fears us.

Mr. Jay: Leave America divided into thirteen or, if you please, three or four independent governments—what armies could they raise and pay, what fleets could they ever hope to have? If one was attacked, would the other fly to its succor?

Mr. Hamilton: I would like to briefly observe that our situation invites and our interests prompt us to aim at an ascendant in the system of American affairs. The world may politically, as well as geographically, be divided into four parts. Unhappily for the other three, Europe, by her arms and by her negotiations, by force and by fraud, has in different degrees extended her dominion over them all. Africa, Asia, and America have successively felt her domination. The superiority she has long maintained has tempted her to plume herself as the mistress of the world. Men admired as profound philosophers have in direct terms attributed to her inhabitants a physical superiority and have gravely asserted that all animals, and with them the human species, degenerate in America—that even dogs cease to bark after having breathed awhile in our atmosphere. Facts have too long supported these arrogant pretensions of the European. It belongs to us to vindicate the honor of the human race. Union will enable us to do it. Disunion will add

another victim to his triumphs.

Agrippa: Large and consolidated empires may indeed dazzle the eyes of a distant spectator with their splendor, but if examined more nearly are always found to be full of misery. The reason is obvious. In large states the same principles of legislation will not apply to all the parts. A people inhabiting various climates will unavoidably have local habits and different modes of life, and these must be consulted in making the laws. Hence, among other reasons, is derived the necessity of *local* governments, who may enact, repeal, or alter regulations as the circumstances of each part of the empire may require. To attempt to reduce all to one standard is absurd in itself and cannot be done but upon the principle of power, which debases the people. Hence arises in most nations of extensive territory the necessity of armies, to cure the defect of the laws.

Mr. Hamilton: On the contrary, I would say that armies are required in weak confederacies. It is essential to the idea of a law that it be attended with a sanction. This penalty, whatever it may be, can only be inflicted in two ways: by the agency of the courts and ministers of justice, or by military force; by the coercion of the magistracy, or by the coercion of arms. The first kind can evidently apply only to men. The last kind must of necessity be employed against bodies politic, or communities, or States. In an association where the general authority is confined to the collective bodies of the communities that compose it, every breach of the laws must involve a state of war, and military execution must become the only instrument of civil obedience. It seems to require no pains to prove that the States ought not to prefer a national Constitution which could only be kept in motion by a large army continually on foot to execute the ordinary requisitions or decrees of the government.

Mr. Martin: And yet this plan of government, instead of *guarding against* a standing army—that engine of arbitrary power, which has so often and so successfully been used for the subversion of freedom—gives it an express and constitutional *sanction*. Moreover, the system proposed is an innovation in government of the most extraordinary kind, a strange hotch-potch—just so much federal in appearance as to give its advocates an opportunity of passing it as such upon the unsuspecting multitude and yet so predominantly national as to put it in the power of its movers, whenever the machine shall be set agoing, to render it wholly and entirely a national government.

James Madison: If novelties are to be shunned, believe me, the most alarming of all novelties, the most wild of all projects, the most rash of all attempts, is that of rending us in pieces in order to preserve our liberties and promote our happiness. But why is the experiment of an extended republic to be rejected merely because it is new? Is it not the glory of the people of America that, whilst they have paid a decent regard to the opinions of former times and other nations, they have not suffered a blind veneration for antiquity, for custom, or for names, to overrule the suggestions of their own good sense, the knowledge of their own situation, and the lessons of their own experience?

If novelties are to be shunned, believe me, the most alarming of all novelties is that of rending us in pieces in order to preserve our liberties and promote our happiness.

Madison

Reason: A standing army, mentioned by Mr. Martin, I have heard is a matter of some concern.

Brutus: Standing armies are everywhere dangerous to the liberties of a people. It would be useless to enter into a labored argument to prove to the people of America a position which has so long and so generally been received by them as a kind of axiom.

Mr. Hamilton: Whether there ought to be a federal government entrusted with the care of the common defense is a question open to discussion—but the moment it is decided in the affirmative, it will follow that that government ought to be clothed with all the powers requisite to complete execution of its trust. These powers ought to exist without limitation, because it is impossible to foresee or to define the extent and variety of national exigencies. The Union ought to be invested with full power to form and support an army and navy in the customary and ordinary modes practiced in other governments.

Brutus: It is the European governments that are almost all of them framed and administered with a view to arms, and war, as that in which their chief glory consists. They mistake the end of government—it was designed to save men's lives, not to destroy them. But we ought to furnish the world with an example of a great people who in their civil institutions hold chiefly in view the attainment of virtue and happiness among ourselves. Let the monarchs in Europe share the glory of depopulating countries and butchering thousands of their innocent citizens to revenge private quarrels or to punish an insult: I envy them not the honor, and I pray heaven this country may never be ambitious of it.

Mr. Madison: How could a readiness for war in time of peace be safely prohibited, unless we could prohibit also the preparations and standing armies of every hostile nation?

Brutus: The preservation of internal peace and good order, and the due administration of law and justice, ought to be the first care of every government. The happiness of a people depends infinitely more on this than it does upon all that glory and respect which nations acquire by brilliant martial achievements. If a proper respect and submission to the laws prevailed in our country, and if a spirit of public and private justice, economy, and industry influenced the people, we need not be under any apprehensions but what they would be ready to repel any invasion that might be made. And more than this, I would not wish from them—a defensive war is the only one I think justifiable.

Mr. Hamilton: Even if we ought to try the novel and absurd experiment in politics of tying up the hands of government from offensive war founded upon reasons of state, certainly we ought not to disable it from guarding the community against the ambition or enmity of other nations!

Brutus: But it does not thence follow that the government should be empow-

ered to raise and maintain standing armies at their discretion as well in peace as in war. It is very practicable to give the government sufficient authority to provide for these cases and at the same time to provide a reasonable and competent security against the evil of a standing army by providing that no troops whatsoever shall be raised in time of peace without the assent of two-thirds of the members, composing both houses of the legislature.

Mr. Hamilton: The idea of restraining the legislative authority in the means of providing for the national defense is one of those refinements which owe their origin to a zeal for liberty more ardent than enlightened.

Mr. Madison: Not the less true is it that the liberties of Europe, as far as they ever existed, have with few exceptions been the price of her military establishments. A standing force, therefore, is dangerous at the same time that it may be necessary. A wise nation will combine all these considerations and exert all its prudence in diminishing both the necessity and the danger of resorting to one which may be inauspicious to its liberties.

Mr. Hamilton: It is a full answer to those who require a provision against military establishments in time of peace to say that the whole power of the proposed government is to be in the hands of the representatives of the people.

The Federal Farmer: And in the same hands, the power to tax. When I recollect how lately congress, conventions, legislatures, and people contended in the cause of liberty, and carefully weighed the importance of taxation, I can scarcely believe we are serious in proposing to vest the powers of laying and collecting internal taxes in a government so imperfectly organized.

Mr. Hamilton: Power to procure a regular and adequate supply of revenue may be regarded as an indispensable ingredient in every constitution. From a deficiency in this particular, one of two evils must ensue: either the people must be subjected to continual plunder, as a substitute for a more eligible mode of supplying the public wants, or the government must sink into a fatal atrophy.

In the Ottoman or Turkish empire the sovereign, though in other respects absolute master of the lives and fortunes of his subjects, has no right to impose a new tax. The consequence is that he permits the bashaws or governors of provinces to pillage the people at discretion and, in turn, squeezes out of them the sums of which he stands in need. In America, from a like cause, the government of the Union has gradually dwindled into a state of decay, approaching nearly to annihilation.

The Federal Farmer: The States are surely in a better condition than they would be had Congress always possessed the powers of taxation now contended for.

The system of checks and balances is so complex, so skillfully contrived, that it is next to impossible that an impolitic or wicked measure should pass the scrutiny with success.

Hamilton

Mr. Martin: By the power to lay and collect imposts, Congress may impose duties on *any* or *every* article of commerce imported into these States to what amount they please. By the power to lay *excises*—a power very odious in its nature, since it authorizes officers to go into your *houses*, your *kitchens*, your *cellars*, and to examine into your *private concerns*—they may impose duties on every article of use or consumption, on the *food* that we eat, on the *liquors* we drink, on the *clothes* that we wear, the *glass* which enlighten our houses, or the *hearths* necessary for our warmth and comfort. They may proceed to *direct taxation* on *every individual* either by a *capitation tax* or an assessment on their *property*. By this plan, therefore, the government has a power to sluice them at every vein as long as they have a *drop* of blood, without any control, limitation, or restraint.

Mr. Hamilton: You prey upon the fears of the people. In America it is evident that we must a long time depend chiefly on duties on imported articles. In most parts excises must be confined within a narrow compass. The genius of the people will ill brook the inquisitive and peremptory spirit of excise laws.

The Federal Farmer: If no prudent Congress will exercise this power, this only proves that it would be improperly lodged in Congress.

Mr. Martin: On the matter of taxes, I object also that every State is prohibited from laying any duties without the permission of the general government. It would be but reasonable to leave the States the power of so bringing revenue into their treasuries. Also, there might be cases in which it would be proper, for the purpose of encouraging manufactures, to lay duties to prohibit the exportation of raw materials or to discourage the importation of particular articles into a State or to enable the manufacturer here to supply us on as good terms as from a foreign market.

Mr. Hamilton: One national government would be able at much less expense to extend the duties on imports beyond comparison, further than would be practicable to the States separately. The single article of ardent spirits under federal regulation might be made to furnish a considerable revenue—and if it should tend to diminish the consumption of it, such an effect would be favorable to the agriculture, to the economy, to the morals, and to the health of the society.

Brutus: Mr. Hamilton, you prove an important point on this head—the authority to lay and collect taxes connects with it almost all other powers, or at least will in process of time draw all other after it.

The Federal Farmer: I have no idea that the interests, feelings, and opinions of three or four millions of people, especially touching internal taxation, can be collected in the proposed House of Representatives. The representation is too small.

Brutus: I am in agreement. This extensive continent is made up of a number of different classes of people, and to have a proper representation of them, each class ought to have an opportunity of choosing their best informed men for the purpose. But this cannot possibly be the case in so small a number as 65. The farmer, merchant, mechanic, and other various orders of people ought to be represented according to their respective weight and numbers.

Mr. Hamilton: But this will never happen under any arrangement that leaves

the votes of the people free.

Brutus: Then what security can there be for the people, where their liberties and property are at the disposal of so few men? It will literally be a government in the hands of the few to oppress and plunder the many.

Mr. Madison: What circumstance is there that favors the elevation of the few on the ruins of the many? Who are to be the electors of the federal representatives? Not the rich, more than the poor; not the learned, more than the ignorant; not the haughty heirs of distinguished names, more than the humble sons of obscure and unpropitious fortune. The electors are to be the great body of the people of the United States. And who are to be the objects of popular choice? Every citizen whose merit may recommend him to the esteem and confidence of his country. No qualification of wealth, of birth, of religious faith, or of civil profession is permitted to fetter the judgment or disappoint the inclination of the people.

The Federal Farmer: If we may judge from the appointments to our present Congress, the legal characters will often, in a small representation, be the majority. If we distinguish between the few men of wealth and abilities and consider them as the natural aristocracy of the country, and the great body of the people as the democracy, this representative branch will have but very little democracy in it. It is easy to perceive that men of these two classes, with views equally honest, have sentiments widely different, especially respecting public and private expenses, salaries, taxes, etc.

And other interests and parties must be balanced also. The merchants alone would never fail to make laws favorable to themselves and oppressive to the farmers, and the farmers alone would act on like principles—the former would tax the land, the latter the trade. The manufacturers are often disposed to contend for monopolies. Buyers make every exertion to lower prices, and sellers to raise them. The public creditors endeavor to augment the taxes, and the people at large to lessen them. Thus, we see that those classes which have not their sentinels in the government, in proportion to what they have to gain or lose, must infallibly be ruined.

Mr. Madison: Is there no virtue among us? If there be not, we are in a wretched situation. No theoretical checks, no form of government, can render us secure. To suppose that any form of government will secure liberty or happiness without any virtue in the people is a chimerical idea. If there be sufficient virtue and intelligence in the community, it will be exercised in the selection of these men—so that we do not depend on their virtue, or put confidence in our rulers, but in the people who are to choose them.

Large and consolidated empires may indeed dazzle the eyes of a distant spectator with their splendor, but if examined more nearly are always found to be full of misery.

Agrippa

Reason: This seems to be a good point at which to take up the issue of the powers of this new government.

Brutus: Quite simply, it is to be absolute and uncontrollable power. By the last clause of section 8th, article 1st, it is declared "that the Congress shall have power to make all laws which shall be necessary and proper for carrying into execution the foregoing powers." And by the 6th article, it is declared "that this Constitution, and the laws of the United States, which shall be made in pursuance thereof...shall be the supreme law of the land; and the judges in every State shall be bound thereby, anything in the Constitution or law of any State to the contrary notwithstanding."

Agrippa: If to this we add the limitations of trade, restraints on its freedom, and the alteration of its course, and *transfer of the market*, all under the pretense of regulation for *federal purposes*, we shall not find any additional reason to be pleased with the plan.

Mr. Martin: Yes, and although we are giving the general government full and absolute power to regulate commerce, we *except* from the exercise of that power the slave trade—the only branch of commerce which is *unjustifiable in its nature* and *contrary* to the rights of mankind. This must appear to the world absurd and disgraceful to the last degree.

Mr. Madison: It were doubtless to be wished that the power of prohibiting the importation of slaves had not been postponed until the year 1808. But it is not difficult to account for this restriction. And it ought to be considered a great point gained in favor of humanity that a period of 20 years may terminate forever, within these States, a traffic which has so long and so loudly upbraided the barbarism of modern policy.

Reason: Continuing on the issue of the government's power...

Mr. Hamilton: If I may say, the opponents of this system are overwrought. It is to be remembered that the general government, in its jurisdiction, is limited to certain enumerated objects, which concern all the members of the republic but are not to be attained by the separate provisions of any.

Mr. Jay: Nothing is more certain than the indispensable necessity of government, and it is equally undeniable that whenever and however it is instituted, the people must cede to it some of their natural rights, in order to vest it with requisite powers.

Brutus: But the powers of the general legislature extend to every case that is of the least importance—there is nothing valuable to human nature, nothing dear to freemen, but what is within its power. It has authority to make laws which will affect the lives, the liberty, and property of every man in the United States. They are the sole judges of what is necessary to provide for the common defense. And they only are to determine what is for the general welfare.

Mr. Hamilton: It may be countered that the system of checks and balances is so complex, so skillfully contrived, that it is next to impossible that an impolitic or wicked measure should pass the scrutiny with success.

Brutus: I would ask those who reason thus to define what ideas are included under the terms, to provide for the common defense and general welfare? Are these terms definite, and will they be understood in the same manner, and to apply to the same cases, by everyone? No. The most opposite measures may be pursued by different parties, and both may profess that they have in view the general welfare, and both sides may be

honest in their professions or both may have sinister views.

Mr. Hamilton: Limitations on the legislative authority can be preserved through the medium of courts of justice, whose duty it must be to declare all acts contrary to the manifest tenor of the Constitution void. The want of a judiciary power is a circumstance which crowns the defects of the Confederation.

Brutus: And this part of the new plan is so modeled as to authorize the courts not only to carry into execution the powers expressly given but, where these are wanting or ambiguously expressed, to supply what is wanting by their own decisions.

Mr. Hamilton: The judiciary will always be the least dangerous to the political rights of the Constitution. It has no influence over either the sword or the purse, no direction either of the strength or of the wealth of the society.

Brutus: The judicial power would be authorized to explain the Constitution, not only according to its letter but according to its spirit and intention.

Mr. Hamilton: There is not a syllable in the plan under consideration which *directly* empowers the national courts to construe the laws according to the spirit of the Constitution, but I admit that it ought to be the standard of construction for the laws.

Brutus: And to discover the spirit of the Constitution, it is of the first importance to attend to the principal ends and designs it has in view. These are expressed in the preamble—"to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity." It is obvious it has in view every object which is embraced by any government. This will countenance the courts to lean strongly in favor of the general government.

Not only will the Constitution justify tify it, but they will be interested in using this latitude of interpretation. Every body of men invested with office are tenacious of power, and every extension of the power of the general legislature, as well as of the judicial powers, will increase the powers of the courts.

Mr. Martin: All of this proves that the proposed Constitution, being intended and empowered to act not only on States but also on individuals, absolutely requires a recognition and a stipulation in favor of the rights both of States and of men.

Mr. Hamilton: In constitutions, the people surrender nothing, and as they retain everything they have no need of particular reservations. "We, the People of the United States, to secure the blessings of liberty to ourselves and our posterity, do *ordain* and *establish* this Constitution for the United States of America." Here is a better recognition of popular rights than volumes of those aphorisms which make the principal figure in several of our State bills of rights and which would sound much better in a treatise of ethics than in a constitution of government.

The Federal Farmer: Admitting, on the general principle, that all rights are reserved which are not expressly surrendered, still there are infinite advantages in particularly enumerating many of the most essential rights reserved in all cases. And as to the less important ones, we may declare in general terms that all not expressly surrendered are reserved. We do not by declarations change the nature of things, or create new truths, but we give existence, or at least establish in the minds of the people truths and principles they might never otherwise have thought of or soon forgot.

Reason: Gentlemen, perhaps you would each offer a concluding thought.

Brutus: There have been many objections, of small moment, of which I have taken no notice—perfection is not to be expected in anything that is the production of man. If I did not in my conscience believe that this scheme was defective in the fundamental principles—in the foundation upon which a free and equal government must rest—I would hold my peace.

Mr. Martin: To counteract the views of ambition and interest has been my aim. Should my exertions in the smallest degree assist in effecting the rejection of this detestable system of slavery, I shall enjoy the highest possible gratification.

Mr. Madison: To dwell on the inconveniences which must be unavoidably blended with all political advantages, and on the possible abuses which must be incident to every power or trust of which a beneficial use can be made, may display the subtlety of the speaker; it may open a boundless field for rhetoric and declamation; it may inflame the passions of the unthinking and may confirm the prejudices of the misthinking. But cool and candid people will reflect that the purest of human blessings must have a portion of alloy in them, that the choice must always be made, if not of the lesser evil, at least of the greater, not the perfect, good.

Mr. Jay: Admit, for so it is the fact, that this plan is only *recommended*, not imposed, yet let it be remembered that it is neither recommended to *blind* approbation nor to *blind* reprobation, but to that sedate and candid consideration which the magnitude and importance of the subject demand.

Mr. Hamilton: The people must ask themselves whether the proposed Constitution is worthy of public approbation and necessary to the public safety and prosperity. Every man is bound to answer these questions to himself, according to the best of his conscience and understanding. For my part, a *nation*, without a *national government*, is an awful spectacle. The establishment of a Constitution, in time of profound peace, by the voluntary consent of a whole people, is a prodigy, to the completion of which I look forward with trembling anxiety.

The Federal Farmer: Our situation is critical, and it behooves us to make the best of it. A federal government of some sort is necessary. We have suffered the present to languish, and whether the Confederation was capable or not originally of answering any valuable purposes, it is now but of little importance. A Constitution is now presented which we may reject or which we may accept, with or without amendments, and to which point we ought to direct our exertions is the question. Thousands of men in the United States are disposed to adopt the proposed Constitution, though they perceive it to be essentially defective, under an idea that amendments of it may be obtained when necessary. This is a pernicious idea. It is very repugnant to that perpetual jealousy respecting liberty so absolutely necessary in all free states.

Agrippa: I cannot conclude better than with a caution derived from the words of inspiration. "Discern the things of your peace now in the days thereof, before they be hidden from your eyes."

A note on sources: Readers who dip into the Federalist and Anti-Federalist writings of 1787-88 will find amazing parallels between them and the conversations here transcribed.

Reagan's radical offer to scrap American missiles in Europe may not be such a harebrained scheme.

ZEROING IN ON PEACE

by Aaron Wildavsky

President Reagan's "zero option" arms-control initiative, which he outlined last fall in Reykjavik and is pursuing in negotiations possibly leading up to another summit, has drawn harsh criticism from many quarters. But it may in fact represent America's best chance for an effective, stable, and secure arms policy. The proposal, more aptly termed the "nearer-to-zero" option, holds that in negotiations over nuclear weapons, the United States should try to reduce the number and variety of U.S. and Soviet launchers and warheads to a level sufficient to guard against irresponsible acts and cheating but not large enough to launch a first strike. In Europe, this means elimination of at least intermediate- and short-range nuclear missiles.

The nearer-to-zero initiative combines the attributes any successful policy must have: operational viability and political feasibility. Instead of the usual strong policies without support or weak policies not worth supporting, the president's proposed weapons reduction offers the chance to mobilize great public support behind an effective arms policy.

As things stand now, many opinion leaders and a substantial portion of the general public in the United States and Western Europe believe that their governments have overreacted to the Soviet threat and have in fact been the aggressors in the arms race. Decrying this attitude as nonsense has not helped. By seizing the high moral ground, by taking the lead in seeking massive reductions of nuclear weapons, the U.S. government can rally public support around a credible foreign policy. If the Soviet Union goes along, Western security will be increased, because the possibility of a surprise nuclear attack will be much reduced. If the Soviets refuse, the necessity of maintaining nuclear defenses should become more apparent.

All the more pity, therefore, that political elites at home and abroad have rejected out of hand this creative foreign-policy synthesis. From Sen. Sam Nunn in Washington to Chancellor Helmut Kohl in Bonn (until political pressure forced a change in policy), from James Schlesinger in *Foreign Affairs* to Owen Harries in *The National Interest*, the critics agree that the process of decision-making at Reykjavik was flawed, even ignorant, and that the policy is foolish, even dangerous. What they mean, I think, is that the president went beyond the bounds of establishment thinking on defense policy. The question is whether this radical departure from conventional modes of Western policy on defense is a good thing.

By far the most serious danger facing the United States—and, with us, the world's democracies—is a Soviet nuclear attack. Those who "know" such an attack is impossible claim to know something that is impossible to know. The Soviets, they argue, wouldn't initiate a first strike because it might not be effective enough to preclude a retaliatory

response. But to their mantra —"uncertainty creates security"—I would add an intuitively stronger rival: uncertainty cannot create certainty. And a nuclear attack is the one catastrophe from which there may be no recovery. Therefore the overriding objective of American foreign and defense policy must be to prevent such an attack.

Wouldn't that objective put America's allies at risk of a Soviet invasion? On the contrary, the survival of the United States constitutes the indispensable guarantee of the survival and the liberty of democratic nations. For the Soviet Union to attack nations that cannot rival it and to leave standing the only nation that could—the United States—would be the height of irrationality. Better to behave peacefully. But if not, then zapping America first is the only rational Soviet strategy.

It follows that fears of a Soviet nuclear strike or massive invasion of Western Europe are much exaggerated. As long as America is free, Europe is safe. Hence, the most important aim of both American and European defense and foreign policy should be to protect the United States from nuclear attack. And the best way to do that is not to build up ground forces—though marginal increases might boost morale by showing determination—but for the British and French to maintain and expand their independent nuclear deterrents.

Instead of a futile death sting—"we'll punish you before we die"—British and French nuclear forces must be made capable of destroying Soviet long-range missiles, thereby decreasing the Soviet Union's ability to make war on the United States. And if the USSR cannot do that, the point is, there is less reason for it to attack the United States in the first place. Thus, there is no reason whatsoever for the Soviet Union to attack Western Europe. That is why having Europeans join in defense of the United States is the best way of defending their own countries.

Two additional considerations—China and crisis instability—make a Soviet conventional attack even less likely. The instant the USSR invaded Western Europe, the People's Republic of China would conclude that it was next and, consequently, would drop everything and mobilize its conventional and nuclear forces. Long fearful of the Chinese, the Soviets would then conclude it was safer to take them out before they could attack. Immediately, the Soviet leadership would face what it has promised itself to avoid —a two-front war. The only way to avoid such a war is not to start it in the first place.

The nearer-to-zero option is neither softer nor harder than existing policy. It is merely more in tune with the times.

But that is not all. Even if the United States did not respond to a Soviet conventional attack on Europe with the promised preemptive nuclear strike, crisis instability—mutual fear that the other side will attack first, leading to a nuclear war—would inevitably result. Viewing the Soviet main-force attack as the prelude to a first strike against America, U.S. leaders would be tempted to gain the advantage of hitting "the hardest with the mostest." Fearing exactly that, the Soviet leadership would be tempted to attack the United States before the United States could attack the USSR.

Again, the logic of the situation is inexorable. If (a big if) the Soviet Union is going to attack Western Europe or, for that matter, China, it will be better off attacking America first rather than risking attack by the United States. And if the USSR subdues the United States, it does not need to attack Europe, which will have to capitulate.

Current wisdom has it that the Soviet Union has been dissuaded from employing its conventional superiority to subjugate Western Europe because it fears the unacceptable damage of the nuclear war that would result. Take nuclear weapons away from Europe, the argument goes, and nothing will stop the Soviets from imposing their will.

But we have just seen that fear of nuclear war with the United States will still keep the Soviets out of Western Europe. Even if the nearer-to-zero option were adopted by both sides, launching a conventional attack on Western Europe would still be foolish. Agreements to keep to very low levels of nuclear weapons could not survive under such conditions. The ability of the United States to resume nuclear production —to outrace the Soviets, as it were— would make the hit-America-first doctrine prevail: Better no attack, but if there is one, attack America first.

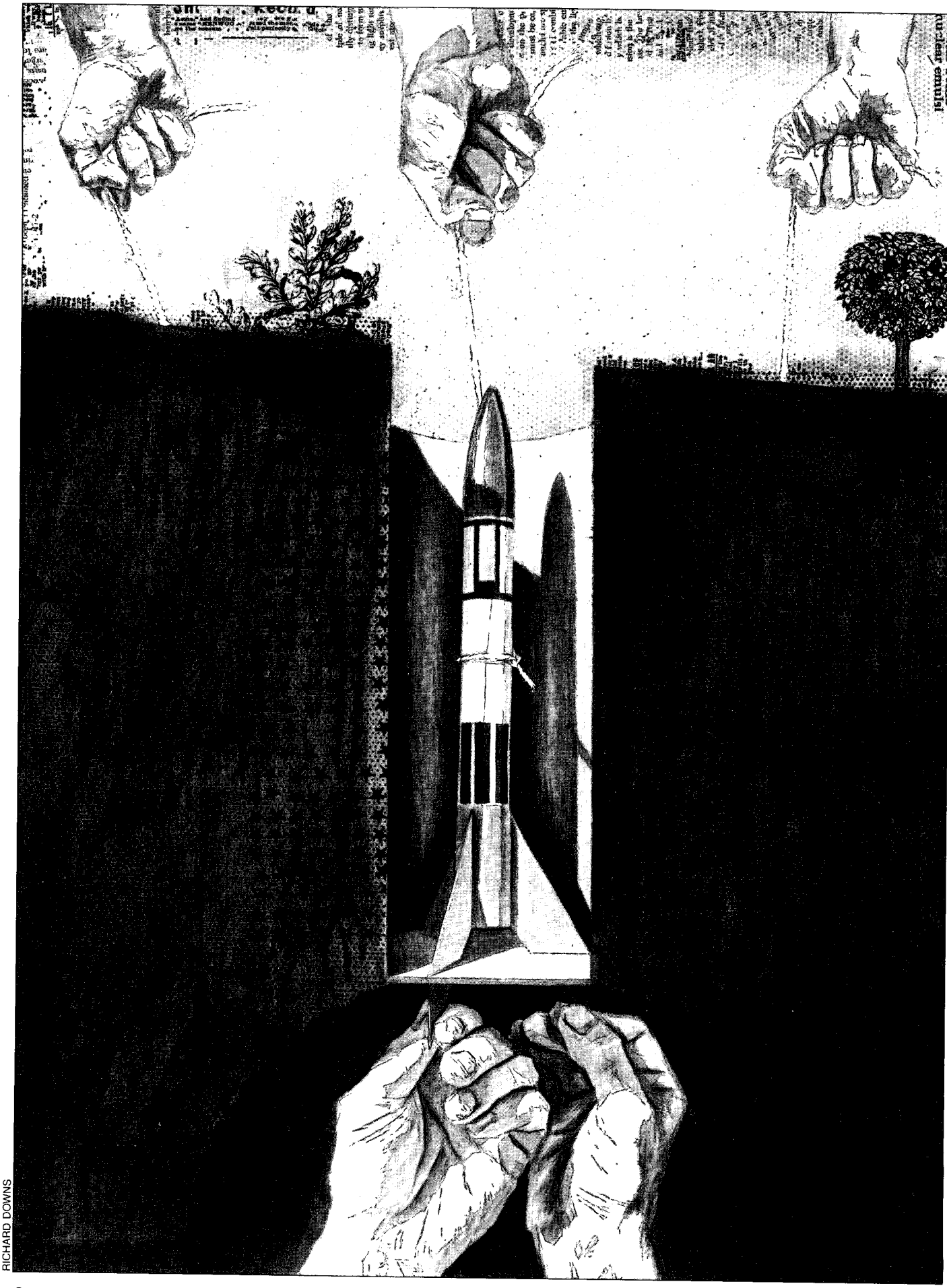
The critics of Reykjavik span so broad a spectrum, I think, because they fear their own governments. One side fears President Reagan's intransigence or his foolishness, and the other side the inability of weak democratic governments to resist the siren call of an implausible peace. Both are mistaken.

Inability to declare victory, when it has in fact been achieved, is a prime sign of this Western malady. Former Chancellor Helmut Schmidt, the Carter and Reagan administrations, and European leaders who put their governments on the line by countering the unwarranted deployment of Soviet medium-range nuclear missiles—not with empty verbiage but with American Pershing missiles —deserve praise. Since the Soviet missiles can reach only Western Europe, while the Pershings can reach the Soviet Union, it isn't surprising that Western resolve eventually persuaded the Soviets to give up this self-inflicted wound.

Had they not believed that an internally divided West would capitulate to this nuclear blackmail, the Soviets never would have emplaced these missiles in the beginning. Now they offer to take their missiles out if we will do the same. Instead of warranted self-congratulation in the West, however, we hear that giving in to our demands is a ploy to leave the Soviets with advantages in conventional forces. Clever of the Soviets, isn't it, to discomfit us by capitulation?

Were there no Soviet intermediate-range missiles facing Western Europe, would anyone suggest that U.S. Pershings now be put there to redress whatever imbalance exists in conventional forces? No, it is far better to keep pressuring the Soviet Union to reduce those conventional forces. For even if a Soviet conventional attack is unlikely, the very size of Soviet forces, with no obvious purposes other than attack, creates the appearance of threat. The fewer the forces, the less the perceived threat. Rather than build up Western conventional forces—though that remains possible—the better tack would be to negotiate a build-down of Soviet forces.

Some critics of the nearer-to-zero option argue that since the Soviet Union is closer to Western Europe than is the United States, the USSR can more easily



RICHARD DOWNS

offset the capabilities it would give up by withdrawing its missiles. So what? The situation would be no different from the status quo before the Pershings were deployed.

The real problem concerns missiles that the great powers can shoot at one another. Eliminating intermediate-range missiles as a prelude to pushing for reducing intercontinental missiles closer to zero is worth a lot more in terms of American safety—and therefore European defense—than losing a small advantage that neither we nor the Europeans are ever likely to use.

Fears of a Soviet attack on Western Europe are much exaggerated. As long as America is free, Europe is safe.

The history of arms control as conventionally conceived has been unfortunate, fraught with treaty violations and old weapons replaced with more dangerous new ones. What makes me think that the nearer-to-zero option will be better?

Obviously, as the Reykjavik principles state, massive inspection has to be part of any accord. This means inspection not only from satellites but from low-flying planes and from the ground. While there would be mutual discomfort at secrets betrayed, open societies should better be able to withstand massive inspection than closed ones.

It is true that the Soviet Union could hide missiles in its vast country. But hiding intermediate-range missiles that could only attack Western Europe and not the United States would be of little value, while discovery of those hidden missiles would create great problems for the USSR. And hiding enough heavy intercontinental ballistic missiles (say 100 to 200) to launch a first strike against the United States would be extremely difficult. These missiles would have to be kept in repair. They would have to be coordinated by reliable communications. Doing all this while avoiding detection—whose possible consequences include a war or a genuine arms race that the Soviets might well lose—would not be easy.

But subterfuge *is* worrisome. All the more reason to agree to the elimination of intermediate- and short-range nuclear weapons in Europe so we can gain essential experience with tough, on-site verification. If the Soviets will not agree to such inspection or if experience shows that the requirements aren't tough enough, there will be time to bargain for better before the all-important long-range strategic weapons are dealt with.

There is no way of knowing what lies behind Secretary Mikhail Gorbachev's recent overtures on nuclear weapons. The best way of finding out is to raise the ante toward the nearer-to-zero option, always insisting on inspection to open up our countries to each other and, indeed, to the international community, for all have a stake in stability at low levels of force. If Mr. Gorbachev wants *glasnost*, let's give him the extra-large international size.

The aim of a nearer-to-zero option, to repeat, would be to leave each side with a number, weight, and composition of nuclear warheads and delivery systems sufficiently large to deter "crazy states" and cheating but not large enough to launch a preemptive strike. When levels of armaments are high and numerous and complex, discovering who has what compared to whom and keeping them to their word is difficult. By greatly reducing the number and type of weapons, the nearer-to-zero option offers a way out of this difficulty. Nearer-to-zero also offers the prospect of unifying the United States.

The critical condition on the home front is the wafer-thin support for the use of armed force, especially within American elite opinion but among the general public as well. The signs are clear: immense effort cannot raise trivial sums for Central America; the slightest suggestion of force, as in the Persian Gulf, raises exaggerated fears. While the armed forces are presumably prepared, technically, to fight two-and-a-half conventional wars, it is doubtful whether public support exists for even a tiny war that would last several months and incur modest casualties. Aside from asking why the United States is paying for so much more force than it is prepared to use, we must realize that obtaining domestic support for foreign policy ought to be the first, not the last, consideration. The nearer-to-zero option does just that.

As numbers and types of nuclear weapons decline, the Strategic Defense Initiative would become more important and more feasible, both militarily and politically. Though parts of SDI might be less necessary—because there are fewer launchers and warheads to guard against—other parts would become more essential as guarantors against the possibility that a few crazies or hidden Soviet missiles can overwhelm us. And SDI itself is more likely to rally public support when tied to a popular policy of arms reductions.

In reacting to Reykjavik's near-zero defense policy, soft-liners should ask whether their distrust of President Reagan has blinded them to a policy they would have leapt at had it been introduced by someone of their camp. Hardliners should wonder whether they have for too long separated tough-sounding postures from politically as well as militarily viable policies. It is one thing to design a tough policy; it is another to get that policy accepted by succeeding administrations and public opinion. The nearer-to-zero option is neither softer nor harder than existing policy. It is merely more in tune with current conditions because it reduces international risk while increasing domestic support.

At the end of the Second World War, the United States engaged in a serious debate over the extent of its involvement in the international arena. The outcome was by no means foreordained. When Sen. Arthur Vandenberg, the isolationist Republican chairman of the Foreign Relations Committee, made a speech in which a few sentences suggested greater involvement, the press and the Truman administration praised the suggestion, eventually leading Vandenberg to change his foreign-policy views. No one chastised him for inconsistency or asked how well prepared he was. Spear carriers, mere technicians who have memorized missilery, are a dime a dozen. But people who can help change a nation's direction are of great value. In the same spirit, we the people should embrace this opportunity to create a nearer-to-zero policy around which most of us can rally. ◻

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taxes

By Warren Salomon

"You Are Hereby Summoned..."

The title of this article is taken from the language of a summons the IRS can use to compel your appearance to give testimony or to produce your books, records, papers, and other data. The information they're looking for can be about your own taxes, or someone else's.

The power to issue summonses is given by Congress to the IRS for "the purpose of ascertaining the correctness of any return, making a return where none has been made," and so on. It's all spelled out in sections 7602 through 7610 of the Internal Revenue Code.

The summons power is broad and sweeping, subject only to occasional lip-service to the Fourth and Fifth amendments and a handful of other limitations: the IRS can't already have the material sought; the material must be reasonably related to the subject under investigation; it must be relevant to a determination of civil tax liability; the proper procedures must be followed; and you usually can't be examined more than once for any tax year.

That gives the feds a lot of room to roam around. They can even issue "John Doe" summonses, which don't name the taxpayer under investigation and are often used to sniff out members of barter exchanges and other tax evasion schemes.

When a case has been referred to the Justice Department for criminal prosecution, the IRS can't use summonses. Instead, it uses grand jury subpoenas. But until the formal decision is made to prosecute, the IRS thugs can freely use summonses—which are far more convenient for them.

I've seen IRS agents walking around with preprinted, gummed pads of summonses. Whenever they feel like it (in some cases their supervisor has to give prior approval) they whip out a pad, slip in some carbon paper, and fill the thing out, writing in your name and the documents they want you to turn over. By this appallingly simple process, the full might of the federal government is aimed right at you.

So it's important to understand how much power the feds have and how few your rights are when they set their collective minds to move against you.

Anyone who has records relating to your tax liability can be compelled to deliver them to the feds. Banks, brokerage firms, accountants, and others are routinely plundered for information.

If certain third-party recordkeepers (like banks) have been given a summons as a part of your tax investigation, the IRS usually has to give you notice—but not if it's a "John Doe" investigation and they don't know who you are yet, and not if (unknown to you) the feds get a prior court ruling that giving you notice might cause you to conceal, destroy, or alter your records, or bribe or intimidate witnesses, or actually flee. If you're one of the lucky ones who do get notice of a third-party summons, you have 20 days to challenge it; after that, you'll be in court for an enforcement action.

If you yourself get a summons about your taxes, you have 10 days to show up with the summoned material at the appointed time and place, where you can present your defenses to the summons. Some defenses that might work are: the IRS already has the information; the material is not relevant to the purpose for which the summons was issued; the IRS has already decided (alas!) to bring a criminal prosecution; or you don't have the papers. Also, if the summons is served on your attorney, it may violate your attorney-client privilege if he hands over the documents. (There is no federally recognized accountant-client privilege, so don't leave sensitive records with your CPA.)

If the feds don't like your excuses (they won't) and if you still refuse to comply with the summons, they'll bring an enforcement action against you. There will be a hearing in federal court, which is quite routine. The IRS agent gives his well-rehearsed reasons for wanting the material, and then the burden shifts to you. You present your reasons for non-compliance, and then the judge rules—on the spot, usually. If he rules against you and you still don't comply, you'll be arrested, the same as if you were in contempt of any other court order.

Now then, young freedom fighter, what records exist that might be summoned by the IRS and used against you? You read REASON, so you probably already know that records of your accounts at U.S. banks and brokerage firms are virtually public documents. But what about other records? You may not realize it, but you've been creating evidence of your activities (and income) all over the place.

Here are a few targets of third-party summonses that the IRS has successfully coerced to give out information about citizens—a hint of the sources that can be tapped to learn about you: stores you shop at (do you buy expensive gifts?); telephone company records (with whom do you talk?); records of your customers (do they jibe with yours?); casinos that give you credit (hi, big spender!); credit card company records (remember that info you gave them when you applied for those cards?); hospital records (how busy are you, doc?); airline records (do you travel a lot?); charities (did you contribute overvalued property?); telephone answering services (think about that one!); and tax-return preparers (but of course!).

Isn't life grand in the land of the free?

Warren Salomon is an attorney and tax specialist practicing in Miami.

LAURA MAIN

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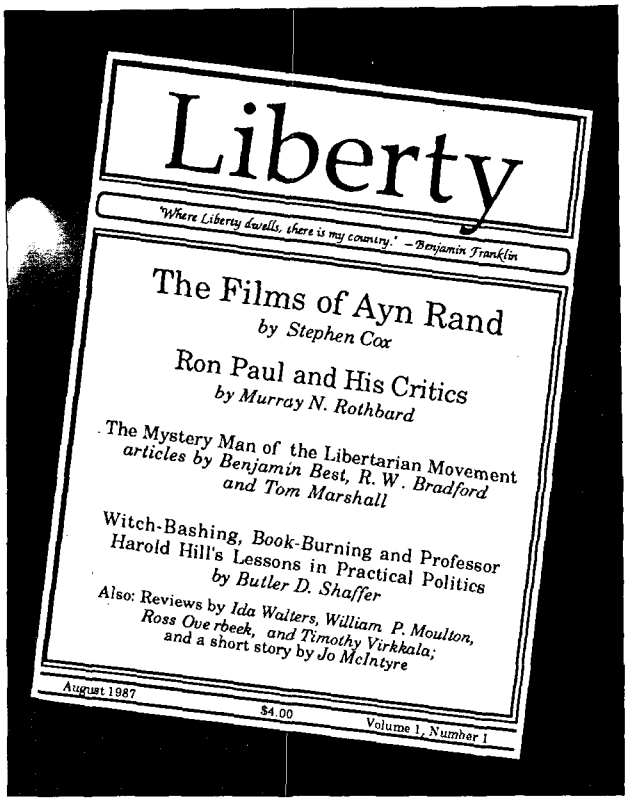
Liberty
"Where Liberty dwells, there is my country." —Benjamin Franklin
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by Stephen Cox
Ron Paul and His Critics
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articles by Benjamin Best, R. W. Bradford and Tom Marshall
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August 1987
$4.00
Volume 1, Number 1

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By John Dentinger

Passionate Publisher

When publishing companies are bought and sold like meat-packing plants, one would expect little passion to attend the business—especially at a $42-million-a-year firm that publishes personal-computer magazines. But David Bunnell, 40, the controversial creative force behind PCW Communications, has a passion for reshaping the world—something he believes personal computers have the power to do.

Back in the '60s, Bunnell was head of the Students for a Democratic Society chapter at the University of Nebraska and organized a 4,000-person march against racial discrimination. After college, he felt he should do some service for his country, since his low draft status had gotten him out of going to Vietnam. So Bunnell taught school in the Chicago ghetto, a few blocks from where Black Panthers Fred Hampton and Mark Clark were shot to death.

His activism later put him on the firing line himself. "I was on the Pine Ridge during Wounded Knee," bringing food to the Indians who occupied the town and demanded that the government honor an 1868 treaty. American Indian Movement leader Russell Means, says Bunnell, "saved me from being shot" by an Indian who accused him of being an FBI agent. It later turned out, Bunnell says, that the Indian who threatened him was himself working for the FBI.

"Later I went to the funeral of Frank Clearwater, the first Indian killed at Wounded Knee. Someone took a shot at me and shot out the window of my car." Concerned about his wife and two small children, he moved from South Dakota to Albuquerque. (He has since gotten divorced and is now married to Jacqueline Poitier, PCW's vice-president and director of art and design).

Turned down for a job at a newspaper there (though he'd worked in high school for the daily paper his father edited in Alliance, Nebraska), Bunnell found work writing manuals for MITS, the maker of the first personal computer. In 1976, he left MITS to start his first computer magazine, *Personal Computing*. After it was sold, Bunnell founded *PC Magazine* to reach owners of the new IBM personal computer.

David Bunnell: *"Personal computers can be very liberating, but they could probably be used to enforce a police state also."*

Against Bunnell's wishes, his financial backer sold the magazine out from under him to giant publisher Ziff-Davis. "I came to work Monday morning in November '82, and people from Ziff-Davis were in there and told me, 'We own you.' "

By Friday of that same week, Bunnell had a backer for a new magazine, *PC World*. By the following Monday, he'd sold over 100 pages of advertising for what became the largest first issue of any magazine. And 48 of his 52 former employees followed him to *PC World*.

Bunnell's genius, colleagues and competitors say, is seeing where the personal-computer industry is going and how it will affect society. "A lot of the things we thought we could accomplish in the '60s with politics—distributing power—we found in the '70s and '80s we could do with computers," says Bunnell.

Political topics often turn up in Bunnell's editorials. He recently criticized "Star Wars" for wastefully diverting American technical expertise. And he has blasted protectionist measures for doubling the price of computer chips and hindering promising technologies that depend on them.

"We may see a real stifling of innovation," he warns. "You see the government getting involved where it shouldn't be, with lip service to the open market. There's an element of racism in it, too—refighting World War II. We went into Japan after World War II and said 'You should have capitalism,' and they did it so well that now we're going to punish them."

These issues didn't arouse much reader comment, but an editorial Bunnell ran last November did—more than 4,000 letters poured into *PC World*'s offices, a record number.

In the editorial, Bunnell replied to a letter from the governor of Georgia, inviting him to tour Atlanta high-tech companies, with a strong criticism of a rotten part of the Peach State. Georgia's sodomy law, which the U.S. Supreme Court had recently upheld, wrote Bunnell, conflicted "with the very vision that compelled the growth of personal computers...a progressive, laissez-faire capitalist society." He called on readers to campaign for the law's repeal.

"What I wrote about," he says, "is the right to privacy, a cornerstone of our society. While a lot of people agreed, most people didn't get it."

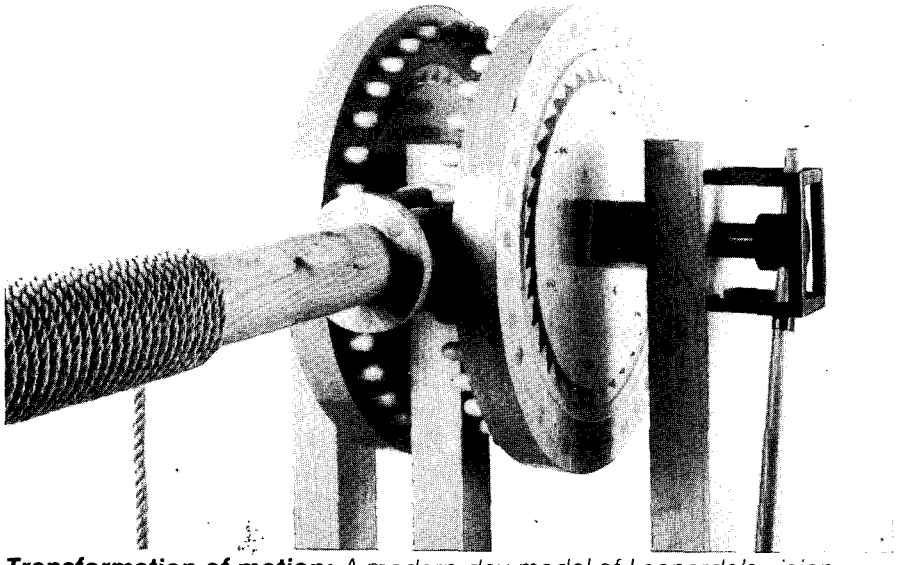
The ignorance of many responses shocked Bunnell. Many argued that the Constitution is based on the Bible, which condemns sodomy, so the Georgia law is okay. Others were vituperative. "People would rip my picture out of the magazine and write 'faggot' across it and mail it in," he says. And a couple of advertisers—companies founded by born-again Christians—pulled their ads, though one later came back.

Bunnell is undeterred. "People who care about technology need to be active in guiding its applications. Personal computers can be very liberating, but they could probably be used to enforce a police state also," he says. "I hope that in some ways I make a difference."

John Dentinger is a free-lance writer in Los Angeles.

Through Leonardo's Eyes

By John Gillis



Transformation of motion: *A modern-day model of Leonardo's vision.*

On a recent visit to Montreal, I saw something Leonardo da Vinci would have liked—videotapes showing models of many of his machine inventions in action. A reversible hoist lifts a box, turning it back and forth. A cam-driven hammer smashes down on an anvil. The tapes are all part of an epochal exhibit, "Leonardo da Vinci, Engineer and Architect," which runs through November 8 at the Montreal Museum of Fine Arts.

Because Leonardo is better known now for his art work, especially his paintings and drawings, few people realize that he spent most of his life on engineering and scientific pursuits, with art almost a sideline. In his lifetime (1452-1519), these technological pursuits were his primary source of income and reputation. He even emphasized these talents in a famous letter of résumé to a future patron and only added at the end that he had skills in the arts.

Leonardo's technical ideas and inventions are often difficult to grasp because of the complexity of his ideas, the special engineering knowledge required, and the difficulty of translating his cryptic notebooks. The Montreal exhibit's creators have solved these problems by commissioning what must be the largest existing group of working models of Leonardo's inventions. And because of the many detailed descriptions adjacent to the works exhibited, you are not left with the tough task of trying to interpret his notebooks and drawings. And, on request, a museum staff member will operate the machines. Besides all the models, the exhibit includes dozens of Leonardo's original drawings, as well as good reproductions of other drawings by him and his contemporaries, conveying a good sense of the milieu in which Leonardo worked.

One of the themes of the show is that while he was one of a group of brilliant technologists (including the great Filippo Brunelleschi) who flourished in the High Renaissance, Leonardo was unique. He looked at the world in a special way that allowed him to wrest from it, with seeming ease, innumerable discoveries and inventions.

Besides his love for new technologies, there is a particular reason Leonardo would have delighted in the use of *video* technology to show his work: for Leonardo, the visual sense was paramount—the eye was everything.

Again and again in his writing, Leonardo returned to the greatness of human vision. The eye is a human sense organ, and he considered vision the greatest sense. "The eye, which is called the window of the soul, is the chief means whereby the understanding may most fully and abundantly appreciate the infinite works of nature," he wrote. In a second respect, the eye is a metaphor. It stands for man's ability to understand the world, the human vision to see beyond concrete facts and grasp abstract principles.

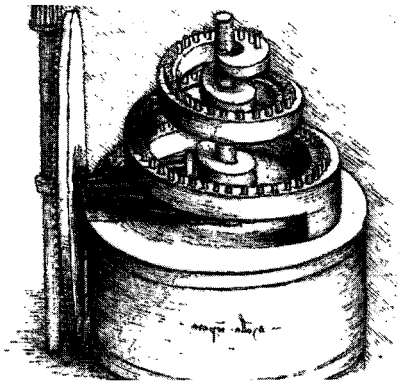
Leonardo regarded his philosophy of the eye as an active, passionate process of observing the world—and then observing what one has observed. In a rhapsodic listing of the eye's achievements, Leonardo wrote: "The eye carries men to different parts of the world, it is the prince of mathematics, its sciences are most certain, it has measured the heights and the dimensions of the stars, it has found the elements and their locations....it has created architecture, and perspective, and divine painting. The eye carries men from east to west, it has discovered navigation. Through it, human industry discovered fire, by which the eye has regained what darkness first took away. It has adorned nature with agriculture and pleasant gardens."

Before Leonardo and other Renaissance technologists, a machine was seen as a whole, performing a certain job—a certain function. But by careful observation and reflection, Leonardo realized that most devices were in fact combinations of simpler machines—the gear, the lever, the wound spring, the pulley, and others—and that he could fit these "building blocks" of mechanics together in infinite combinations. Just as the 26-

BIBLIOTECA NACIONAL, MADRID

letter alphabet allows a vast number of words, so these basic building blocks of technology allow innumerable machines to be invented. The exhibit's new wood and metal models, made in Italy from Leonardo's drawings, concretely show these individual mechanical principles—the lazy Susan (using his invention of ball bearings); the cam mechanism that translates a smooth turning motion into a hammer blow; a crankshaft; an inverted screw; a three-speed gear, and on and on.

The museum also displays many of Leonardo's anatomical studies, both original drawings from the Royal Library at Windsor Castle and photographic copies. He studied anatomy for the sake of his art and in the process advanced medical science. Leonardo would study one corpse, then another and another to observe the differences and similarities, so that he could draw general conclusions from his observations. Again, seeing first, then *seeing* what he saw. His notes indicate that his illustrations were the result of having dissected 20 corpses. To see all that Leonardo distilled in these drawings, you would have to repeat his entire process. His drawing of the system of veins in the human body—the first to show the system as a whole—is still one of the clearest of its kind.



His anatomical studies also allowed Leonardo to grasp that the body's essential principles are mechanical—and that they match the principles used in machine invention. He recognized the mechanical nature of the tendons holding together bones and saw the blood system as a type of hydraulic engineering, like canal design. Drawings from the Royal Library show the analogy between the spinal column and a ship's mast and the similarity between bone joints and antifriction mechanical joints.

Leonardo saw not only how the body resembles a machine but also how well-made inanimate objects resemble the body. Organic things, such as animals and plants, are integrated beings—all parts work together and in balance. Everything that is part of a cat is part of its nature, and therefore it is "natural" for it to jump well because it has strong leg muscles and for it to lick its fur clean with its special tongue. You would never say that any of the things cats do are unnatural for cats.

Analogously, the term *organic* describes an object that is not literally organic but that is integrated and has no contradictions between one part and another. For example, a house where the shapes of the rooms, the shapes of the windows, and the shapes of the detailed ornament all create a visual integration contains the elements of an organic design. And if the rooms function well, if the windows give good views and light, and if the ornament isn't tacked on, then

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REASON

life & liberty

the house is fully organic. Its every aspect makes visual and functional sense and does not contradict any other part.

Much of Leonardo's architectural work was theoretical, never actually built. But his organic approach, along with his understanding of mechanical principles, did enable him to solve baffling structural problems in aesthetically pleasing ways. To support the dome of the cathedral at Milan, for example, he created a remarkable structural system, drawings of which are on display in Montreal. The church was partly complete when Leonardo was called in to figure out how to mount a massive dome on the weak pillars expected to support it. He devised a new system of very thin, interlocking ribs that curved between the pillars on which they sat, creating arches strong enough to support the dome. Yet for all their strength, the arches look light and airy, maintaining the organic consistency of the cathedral.

Leonardo's whole approach to life was organic. All parts of human life and nature around him were worthy of observation and reflection: theoretical science, engineering, the emotions expressed in art, the nature of river flow, the beauty of dinner table arrangements, the qualities of musical instruments, or the best party decorations. All were worth looking at and, in proportion to their importance to his life, worth spending some time to make each the best and most beautiful it could be.

His mind seemed unbounded and uncompartmented. He was interested in all areas of human knowledge and action, and one led him to another and another and so on. He hungrily wanted to *look* at everything and make everything a part of his life.

Seeing Leonardo's work reminded me of a favorite passage from Ayn Rand's novel *Atlas Shrugged*: "He looked as if his faculty of sight were his best-loved tool and its exercise were a limitless, joyous adventure, as if his eyes imparted a superlative value to himself and to the world—to himself for his ability to see, to the world for being a place so worth seeing."

What is wonderful is that a man who could fit this fictional description did in fact live 500 years ago—inventing, painting, thinking, and seeing.

John Gillis is an architect in New York City.

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I can show you how you can make at least $100,000 for just answering your phone. For just having four-minute phone calls you could be hundreds of thousands of dollars richer. I will show you what to say when your phone rings—something that will put hundreds of thousands in your pocket now. Tomorrow you could begin to enjoy the lifestyle that only the very rich enjoy. Everything you ever wanted could be yours with this ingenious system.

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All you do for this money is answer your phone according to my instructions. **I absolutely guarantee that you will make a minimum of $100,000 if you follow my instructions.** I will show you how to make your phone ring off the hook—the rest is up to you.

Not a cent comes out of your pocket to get this business going. It is a service that is deperately needed—needed so badly that you will be getting paid at least $100,000 for answering your phone. With my book you can set up this business overnight. You don't need any experience or education. I didn't even complete grade 11 and I'm doing it. At one time I was even considered illiterate. You won't have to do much work. I just kick back on my couch and answer my phone. All you need is the desire to make a lot of money.

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A hundred thousand dollars for just answering your phone—that is what this plan can do for you. It's amazing—revolutionary—a plan that will completely astound you. It is the only plan you will ever find that will allow you to make thousands of dollars for doing practically nothing. Let me tell you how I stumbled upon this great discovery.

Sworn Statement

I have personally known Mike Gilford for the past 10 years and know for a fact that he is worth well over a million dollars.

David Bendah, mail-order millionaire.

After leaving the Navy, money was hard to come by because I had no education. I had a wife and six children to support. I struggled because I wanted my family to have the best. My children had to wear second-hand clothes and had to share their few toys with each other. I was a taxi cab driver at night and a handyman during the day. I worked day and night just to make ends meet. I'd come home late at night only to have to get up at dawn for another day of work. My wife was so supportive she took care of the house and kids while I slaved away at my many jobs to put bread on the table. I loved my family so I took more jobs just so that they could have a better future.

One day as I worked fiercely through the long hours of the day I felt some excruciating chest pain. As beads of sweat rolled down my face I tried to ignore the sharp pain. I fell to the bare concrete floor and was later rushed to the hospital. My heart was in bad shape—I had almost died. I was minutes away from death. The future I tried to create for my loved ones was killing me. My family came to see me and tears filled their eyes—my wife and children didn't want to see me die. I felt guilt and remorse inside. I cried to myself "I'm an honest guy and I work hard—why am I so poor? I wish I could find a way of making money that didn't require a lot of work." Just then it came to me. It was an idea so strong that I suddenly fell back in my bed in amazement. I knew at that moment that I had found the answer to my prayers. "Never again will I have to work hard," I thought to myself.

I put this new plan immediately into effect. While I was resting at home, money would come to me. **All I had to do was answer my phone.** I never would have believed it if I hadn't seen it for myself but I have never made so much money for doing practically nothing.

The house we lived in was so run down that as soon as we moved out it was torn down. I moved my family out of the downtown ghetto we lived in. I made so much money so quickly that my neighbors thought I had won the million-dollar lottery. They just couldn't believe that I was making money while laying around the house. I swore I would make a better future for my family. I bought my wife a brand new Cadillac for her birthday, a token for her loving support. Just last week I bought her a full length mink, because she was visiting cold Toronto.

Absolute Proof

I personally know of a business that is making 4 million dollars a year using Mike Gilford's method.

Sam Glassman, Toronto, Canada

I was making so much money that my accountant advised me to shelter it in real estate. I took his advice. Today I own a 3,300 sq. ft., $350,000 mansion with a pool and the works. It has an excellent view; in fact, you can see the ocean glittering from it. I own two shopping plazas, one worth about $2.1 million and the other is worth about $700,000. I also own apartment buildings all over town worth about $400,000. With a grade 11 education I have become a millionaire and I don't have to work anymore—something you, too, can do

"I'm standing in front of one of the plazas I own."

with very little effort just by answering your phone.

This plan is so easy to put into operation. All you need is a phone and you are in business. Pick up the receiver and say a few words and you are in business. Your phone will ring off the hook—I guarantee that. This business has nothing to do with selling products or multi-level marketing. You are just supplying a badly needed service that will make you filthy rich.

My phone rings off the hook and so will yours. I not only guarantee you will get phone calls, but I am sure you will receive more calls than you can handle when you first start out. **Your phone should earn you at least $100,000 in a short period of time.**

My $100,000 Guarantee

Send for my book—as each call comes in, follow my instructions on how to carry on the conversation. If you are not making at least a $100,000 your first month out, send back my book and your payment will be promptly returned to you.

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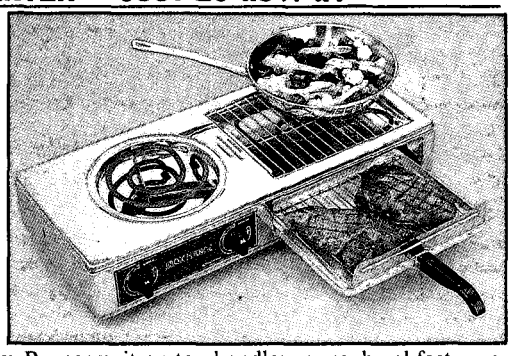

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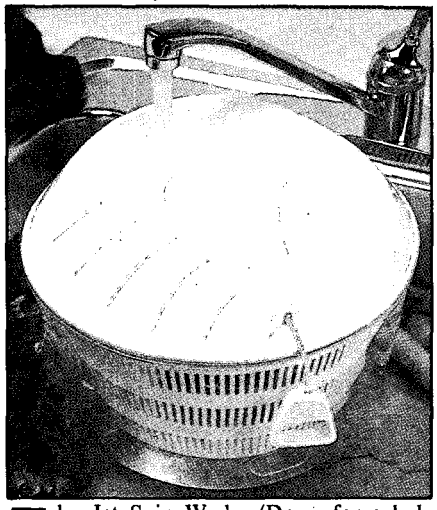

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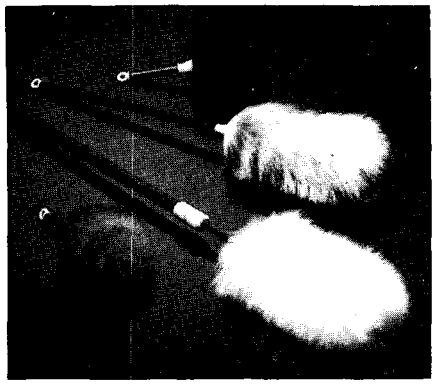

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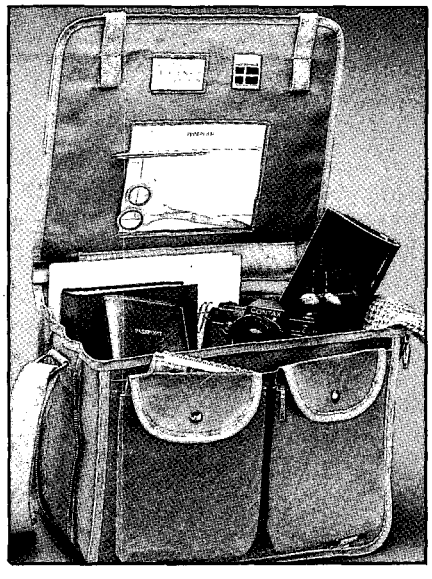

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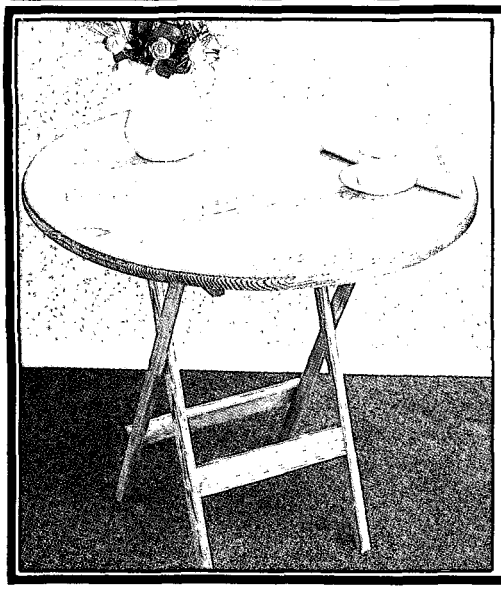

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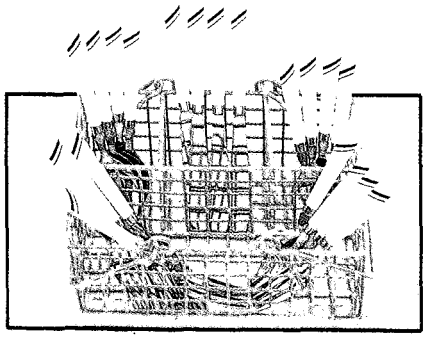

Keep this attractive basket of flatware right out where it's handy — in kitchen, breakfast nook, family room. It saves drawer space and trips back and forth, speeds table setting and looks entirely charming. Perfect for buffet serving, it totes easily to covered dish suppers, patio or picnics. Set includes four five-piece place settings (fork, salad fork, knife, soup and teaspoon). Of stainless steel, with tough ABS plastic handles in white with navy stripes, it goes with everything — and into the dishwasher. Compartmented red-vinyl-coated basket can double for other uses — breadsticks to dried flowers. All at a super price of **$19.00** ($5.95) #A1764X.

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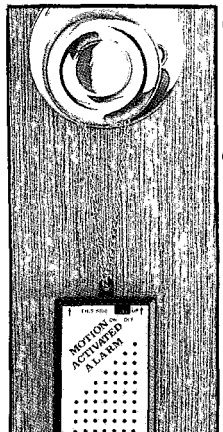

This affordable and versatile alarm hangs from its chain on any doorknob and is activated by motion. The distinctive musical alarm can help you keep track of kids and pets; on certain cabinet doors, it alerts you to a toddler's explorations. Inside a traveler's room door, it provides extra security at night. And a magnet on back secures it to the refrigerator — midnight raiders beware! On/off switch; button-cell batteries included. **$10.00** ($2.95) #A1768X.

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Idiosyncratic Individualist

By Karl Hess

Thoreau: A Life of the Mind, by Robert D. Richardson, Jr. Berkeley: University of California Press, 455 pages, $25.00

By the time Henry David Thoreau started to build his cabin at Walden Pond in 1845, the newly laid rails of the Boston and Fitchburg railroad could be seen from virtually every one of the property's 15 acres. To the owner of the property, Ralph Waldo Emerson (who had paid $214.10 for it), the coming of the railroad was a disaster of civilization intruding harshly on his and his friends' various dreams of communal life genteelly isolated from the raging world of industrial capitalism. To the people who rode the train, it was pure progress. The Concord-to-Boston fare was only 50 cents, a third cheaper than the stagecoach and four times as fast.

More than the railroad had come to Concord. Adam Smith had arrived also. And who was there to welcome him? Damned if it wasn't Henry David himself!

Thanks to this "intellectual biography" of the one American literary figure who seems to excite every kind of anti-authoritarian radicalism—left, right, up, down, and sideways—I now feel comfortable in claiming Thoreau wholly for the side of liberty. He was not a socialist or any other kind of collectivist or even a communalist. He was not a believer in coercion, even if for good causes. He would not serve society. He did not respect the authority of civil government. He did not even believe in the divine right of Christianity. His entire life was devoted to the seamless perfection of individual liberty and, specifically, liberty for the individual who was Thoreau. All of this becomes marvelously clear in Robert D. Richardson, Jr.'s *Thoreau: A Life of the Mind.*

Unlike an ordinary biography, this one

concentrates on what Thoreau was thinking about, what he was reading, and what arguments he was making publicly and privately throughout his life. And it puts all of this in the intimate context of what he was doing, who he was seeing, who he was loving, and how he was making his living at every step of the way. If I had to choose a single volume to familiarize someone with Thoreau, I would select this one.

Richardson sees the first chapter of Thoreau's seminal book, *Walden, or Life in the Woods*, which is devoted to domestic economy, as a response to the new economics of Adam Smith, whose *Wealth of Nations* had been published in 1776. Except for disagreement over mass consumption and the desirability of the division of labor, Thoreau's was a very sympathetic response. "Smith's basic terms," Richardson writes, "provide many of [*Walden*'s] main topics," and "much of his opening chapter is an application of Smith's ideas and terminology to the individual case."

And there, as a matter of fact, arose Thoreau's main disagreements with Smith. Smith was interested in the production of things; Thoreau, in the production of his own individual freedom to be left alone. He preferred the sort of individualistic, nondivided labor that can keep a person an independent producer. But he emphatically agreed with Smith that productive labor is the absolute requirement of wealth and, by inference, liberty from imperial authority. In his own work as a pencilmaker, Thoreau was often eagerly engaged in improving production techniques—not just to make more pencils but to more equitably balance the time spent observing nature, walking in the woods, and thinking about things.

Thoreau's "portable" skills other than pencilmaking were teaching and surveying, both ventures in which he could produce freedom of personal action by being, in effect, a one-man operation. When, in his teaching, his individual freedom was challenged by the demands of institutional authority, he moved on to other things. Surveying, of course, was a lone task.

His notion of an ideal venture was one in which you "oversee all the details yourself in person: to be at once pilot and captain, and owner and underwriter." Was there ever a more wonderfully individualistic statement of one possibility of laissez-faire capitalism? And for Thoreau's modern, spiritual neighbors, is there a more sobering thought than realizing that only, repeat only, in the free markets of a free society is there even the possibility of realizing the ideal Thoreauvian venture?

LAURA MAIN

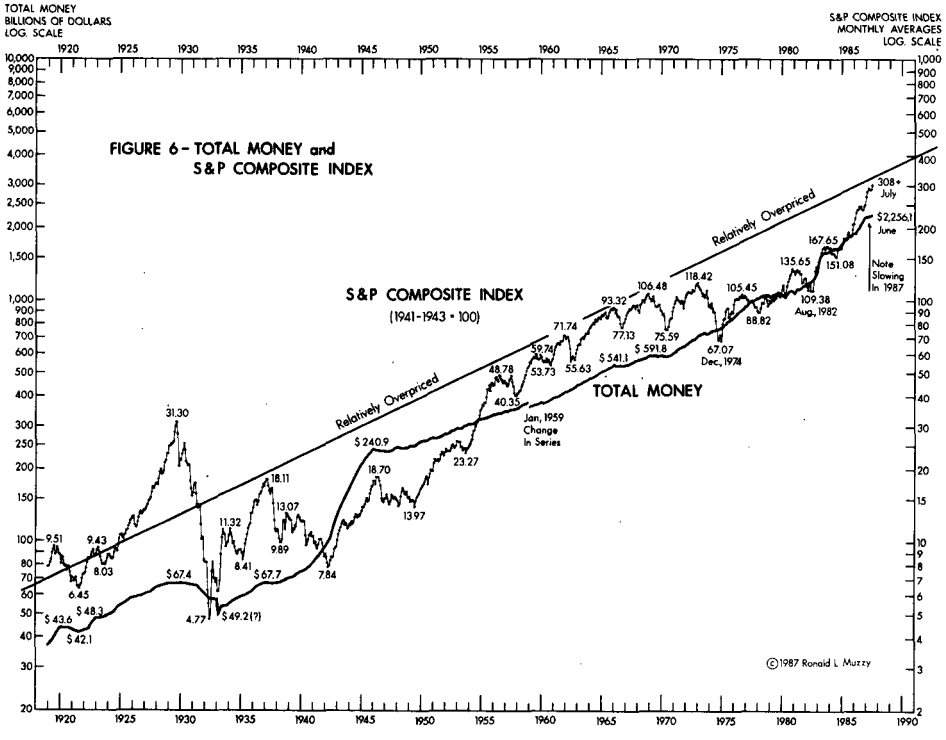
HIGHER STOCK PRICES AHEAD? OR TIME TO DO SOME SELLING?

Time to do some selling, or at least quit buying for awhile if you're a long term investor. That is the strong indication of both the monetary situation as well as the level of stock prices relative to underlying assets, earnings, dividends, etc. And, since the monetary situation is strongly indicated to continue negative for coming months, by the time you read this in late August or early September, if stock prices are still at or near record price levels, (which may or may not be the case), you will likely be seeing your last chance to sell at such "high" prices for some time to come.

Considering the monetary situation, look at the figure below, with the S & P Composite Index and Total Money, a measure of ALL the money in the U.S. from January, 1919 into July, 1987 . (Total Money is presently available ONLY in MUZZY'S ECONOMIC REVIEW). The correlation between Total Money and the S & P Composite Index is striking, as it should be. Stock prices are affected very soon after a change in Total money, usually within a few days to a few months. This is why stock prices, on average, generally LEAD the economy, the monetary increases producing "visible" economic changes usually 6 to 12 months later.

Ronald L. Muzzy

In 1987, Total Money is increasing only half as fast as during 1986, and that means TROUBLE for both stock prices and the economy in coming months, with a recession very probably beginning by October, 1987. Further, the recent "narrow" advance in stock prices is consistent with the slowing increase in money seen during 1987.



Stock prices are also very high with respect to earnings, dividend yields, and price/earnings ratios. Solid, but conservative company stocks are selling at 20 times earnings, a very high level not often seen in the United States. With an unfavorable monetary situation, stock prices are vulnerable to a price decline from both the fundamental as well as "value" viewpoints.

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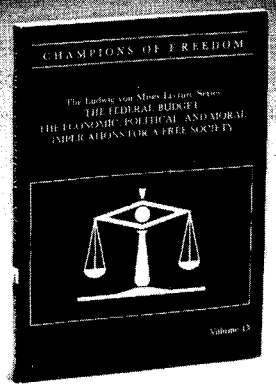

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A modern Thoreau, it could be argued, would be an entrepreneur, never a company man. And modern Thoreaus, it also could be argued, thanks to the constant miniaturization of complex industrial equipment, are in a better technological position than ever to reduce the need for divisions of labor to precisely the point that suits their individual needs. For instance, a modern Thoreau, with cybernated machine tools, might be able to produce a competitive number of fine pencils, perhaps for a specialty trade, with just a couple of friends, all of whom could share the production effort.

I elaborate on this because to understand the appreciation that Thoreau had for much of Adam Smith, one must be patient with his reasons for objecting to Smith's case for the division of labor. The objections had to do with the way Thoreau preferred to live. Besides wanting to be a one-man operation in the way he worked, Thoreau was a one-man show in his approach to ideas. He picked them for what they could do for the way he lived, not to conform to anyone else's idea of intellectual propriety.

Even in his approach to nature, Thoreau is more the persistent, individualistic, free-thinking scientist than an awe-struck worshipper of nature freed from human intelligence. As Richardson sums up Thoreau's feelings about humans in nature and the nature of humans: "The savage may have the place of honor inside the civilized person, but both are necessary to true integrity." While Thoreau revered the wild (if the relatively civilized pastoral life of 19th-century New Hampshire could be called wild), he revered his own intelligence as much and was as interested in understanding his environment as in living peacefully in it. In fact, it would be difficult to do the latter effectively without doing the former energetically.

(Actually, Thoreau could be a dangerous klutz when loose in the woods. Once, while fishing with a friend, he lit a cooking fire in a decayed pine stump, amid dry woods, and promptly started a forest fire that consumed 300 acres. On the other hand, as a purely intellectual, investigative naturalist he became fairly well known in the then-emerging scientific circles of America and even worked and argued with one of its leading figures, Louis Agassiz. Thoreau argued the points that Darwin would later expand

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upon, while Agassiz supported a creationist view.)

Thoreau's major involvements with wholly social activities were in the matter of slavery and in opposition to the annexation of Texas and the subsequent war with Mexico. He was, for a time, an impassioned supporter of John Brown, even (briefly and uncharacteristically) supporting his armed resistance.

But overall, his every "reformist" notion was centered on himself and not on society. Richardson puts it this way: "Thoreau's going to live at Walden seems clearly intended as the self-reliant individual's answer to the challenge posed by utopian communes....Thoreau's stay at Walden was the ultimate reform commune, reduced, for purposes of emphasis, to the simplest possible constituent unit, the self."

Thoreau's life is so magnificently idiosyncratic that only a firm believer in a free society can accept it without affront. He didn't like mass-production society or an emphasis on consumption. He did not, however, inaugurate a lobbying effort to pass a law against either. He simply stopped being part of the one or succumbing to the other. And who would pass a law to stop him?

My own private fantasy, not at all dimmed by this fine biography, is that Thoreau could have seen an emerging compromise, or synthesis, between his notions of individual simplicity and industrial capitalism in the steady march of technology toward miniaturization and decentralization. Or, at least, he could have found a way to live pleasantly in even the most consumerist society by planting his garden in an obscure part of it just as he had done outside Concord. He could, that is, if a zoning commission didn't prohibit it and the DEA didn't raid it.

Thoreau rejected the notion of servile obedience to the state, but he harmed no one nor did he infringe on anyone's freedom. He sought neither the safety nor the security of state protection. And who would pass a law to make him declare his unwilling allegiance?

His keen view of the state has, of course, endeared him to many radicals. But his insistence on nonviolent resistance surely turns off leftist hotheads, while his insistence on the primacy of the individual against any and all institu-

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These free parcels are yours just for the asking. I absolutely guarantee you will get parcels delivered to you almost every day of the week. It is the most amazing system of getting free things you will ever see in your life. The costly gifts you will get free will utterly astound you.

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Years ago I was introduced to John, a wealthy tycoon. John, my distant relative, worked for some large corporations as well as multi-million dollar companies overseas. He told me he had a problem with his mail not being able to go to his house. If no one was home the mailman would leave package pick-up slips in his mailbox. He told me he constantly had to go to the post office to pick up his parcels. He had to get a truck one day because too many packages came to him that particular week. I asked him why people were sending him parcels. It was then that he disclosed to me one of the greatest secrets I have ever heard in my life.

I was filled with amazement as words of wisdom were pumped into me. "It's too easy, it's too easy," I said to myself. I overcame my astonishment as a feeling of joy set into me. The most remarkable plan to flood my home with expensive gifts had just been explained to me. The next day I put John's system to work.

Things started to happen and my whole life changed. Large absolutely free parcels filled my home. They arrived in my mailbox like companies were using my home as their warehouse. Everyday brought a new thrill and the surprises were utterly exciting. Fur coats would come to me. One day I got binoculars and sunglasses, the next day it was 17 how-to books. Until this very day I still can't believe my eyes. The only thing my mailman was missing when he came to my door were his reindeer. He acted just like Santa Claus bringing me large and small parcels. It was Christmas all year.

I perfected John's system and started to acquire more free parcels as well as products for pennies to the dollar. These products I could get in quantity. I made a business out of it and started to sell the products that were sent to me. I could then sell them at an amazing profit. Everyone wanted to buy from me—I was selling at wholesale and making ten times my investment. Here are my bank deposits for a four-month period.

August	$73,808.78
September	$66,417.96
October	$107,511.88
November	$76,366.27

The money kept pouring in. I went out and bought a brand new three bedroom bi-level house and paid $15,000 under market value. I bought the house from a government relocation employee. I could turn around and sell this house for a $20,000 profit for just owning it for six months. I know this because I have had offers.

I own three cars and have paid rock bottom wholesale for everyone of them. Dealers shook their heads in amazement when I told them how much I paid. I went out and bought the most expensive luxuries that money could buy. I was even able to decorate my home with products that were sent to me free. I am experiencing Christmas all year and am making a fortune from it. Here is an example of some of the parcels I have received in my mailbox. You can have these same items sent to you.

- 14K or 18K gold earrings, bracelets and rings as well as many different styles of costume jewelry.
- Your choice of designer and quality clothing sent to you from Italy and France.
- Well written books as well as name brand records of your choice.
- Hi-Fi and any electrical equipment—Even some brand names are available.
- Luxurious expensive minks, lynx, fox and other sought after fur coats.
- Crystal figurines and gift items that are made in Europe.
- Excellent picture taking 35 mm cameras as well as telescopes and microscopes all manufactured from the Far East.
- Toys (some battery operated) for small children.
- Chardonney, Champagne and Burgundy wines to taste.

Tonight you could come home to see large and small parcels waiting for you to open. Would you like to come home to gifts almost everyday of the week? Direct to your doorstep from almost every country in the world—delivered to you personally by your mailman. This is an absolute reality and can be yours with this amazing system that loads your mailbox with free surprise parcels.

Can you see all the luxuries you want in your possession? They are not only for the rich and famous—they are yours for the asking. Almost everything you ever wanted can be yours. My manual shows you a unique system that jams your mailbox with free parcels. Get on the bandwagon and start receiving parcels today.

Phil Williams
Suite 400, 6065 Mission Gorge Rd., Dept. **9081**
San Diego, CA 92120

Dear Phil,

Yes, send me your complete book on getting free parcels to jam my mailbox on the condition that my mailbox will be flooded with parcels using your unique system. You will also show me how to save money on almost anything I buy. If I am unsatisfied with your book in any way I will get my payment immediately sent back to me.

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tions surely turns off rightist seekers of ordered authority.

Incidentally, all of Richardson's painstaking research failed to turn up any evidence of the epic, aphoristic encounter between Thoreau and Emerson while Thoreau spent his famous night in jail for refusing to pay a tax. (Emerson: What are you doing in there? Thoreau: What are you doing out there?) Never mind, Thoreau did expand on the theme later and in pretty much the same terms.

Thoreau's feeling about the primacy of the individual seems to have been a lifelong disposition. Richardson describes his very first public lecture, which he prepared at Emerson's urging, in 1838: "Starting with the good Aristotelian position that 'man was made for society,' Thoreau wondered if the time-honored words had not 'come to stand for another thing,' almost the opposite of the original intent, making it necessary 'in order to preserve its significance, to write it anew.' Perhaps, he argued, it should be put 'Society was made for Man.'...His point here was not a fractious denial of the importance of social organizations but simply a reminder to his listeners that society was only a means to the end of the individual self-fulfillment, and not the other way around."

Earlier, in college, he had written that "the fear of displeasing the world ought not, in the least, to influence my actions." Shades of anarchist philosopher Max Stirner! And he also wrote that the indispensable minimum requirement for what a man should do is that "he may not impose on his fellows." Shades of virtually every libertarian credo!

Fluent in several languages, he derived much of his thinking from the writings of the German Enlightenment and from Greek, Hindu, and Chinese religious writings. Although not a strident critic of Christianity, he went to some lengths to disassociate himself from it.

There is a passage from *Walden* that speaks to this: "I have been as sincere a worshipper of Aurora as the Greeks. I got up early and bathed in the pond; that was a religious exercise, and one of the best things which I did. They say that characters were engraven on the bathing tub of King Tching-chang to this effect: 'Renew thyself completely each day; do it again and again, and forever again.' I can understand that." Richardson refers to this as evidence of "Thoreau's great awakening, but it is an awakening to daily renewal, not to eternal redemption."

Thoreau died on the morning of May 6, 1862. Outside, as Richardson concludes his grand work on this glorious, gritty man, "the earliest apple trees began to leaf and show green, just as they do every year on this day."

Karl Hess, once a speechwriter for Barry Goldwater, is editor of Libertarian Party News.

Of Agent Orange and Toxic Torts

By Peter Huber

Agent Orange on Trial: Mass Toxic Disasters in the Courts, by Peter Schuck
Cambridge, Mass.: Harvard University Press, 347 pages, $25.00

The Vietnam war really ended on May 7, 1984, nine years to the day after the last U.S. troops were evacuated from Saigon. At 4:00 that morning, just hours before jury selection for trial was to begin, the titanic efforts of federal district Judge Jack Weinstein culminated in the largest civil liability settlement to date in U.S. history. Nine chemical companies agreed with a small army of plaintiffs' lawyers to pay $180 million and some change into a fund, for the benefit of several million veterans and their families who had been exposed directly or indirectly to the herbicide Agent Orange.

Manufactured by seven chemical companies for the U.S. government, Agent Orange was used to defoliate jungles, destroying the enemy cover, during the Vietnam war. When first developed, it was widely viewed as a model new herbicide. But like many other complex industrial chemicals, it contained tiny traces of dioxin—at high enough concentrations, a very potent animal car-

the book case

PETER RAMSEY

cinogen. Low-dosage effects on humans cannot be ruled out, but there is no direct evidence for them. Epidemiological studies of veterans revealed no significant correlations between exposure to Agent Orange and the incidence of disease other than chloracne (a severe but nonmalignant skin disease). Throughout the pretrial years in the Agent Orange case, notes Peter Schuck, "inferences concerning Agent Orange's causation of particular diseases in particular individuals would remain weak and speculative, and this fact more than any other would determine the future course of the Agent Orange litigation."

The case was like no other seen before in American courts. The class action consolidated more than 600 separate actions originally filed by more than 15,000 named individuals throughout the United States and almost 400 individual cases not included in the class action. It also included 2.4 million others, including Vietnam veterans, their wives, their born and unborn children, Australian and New Zealander soldiers, and a few civilians. By May 1984, nearly 1,500 law firms around the country had signed up plaintiffs as their clients. The plaintiffs' attorneys spent well over $10 million. The other side probably spent 10 times that amount on behalf of such giant corporations as Dow Chemical, Monsanto, and Diamond Shamrock. The last character—the U.S. government—was the only defendant solvent enough to call every bluff. It spent all its time trying to exit the litigation without paying a cent, and in the end it succeeded.

The defendants had most of the facts. The plaintiffs had all of the sympathy. For quite different reasons, both sides were equally horrified at the prospect of taking matters to a jury. Judge Weinstein played on these fears with consummate skill. He handed down a series of legal rulings that gave the plaintiffs a strategic position from which to bargain. He then engaged in what Schuck aptly describes as "managerial judging" and in the end "impose[d] personal views of substantive justice and public policy on the parties—and through them, on society at large." Finally, Weinstein punished the "opt out" plaintiffs who had insisted on going it alone rather than joining the class—he dismissed all their claims lock, stock, and barrrel, declaring that the plaintiffs had supplied "no support for...their claims of causation."

Three decades ago a lawsuit of this scope and complexity would have been inconceivable; if it had been filed at all the defendants would have prevailed quickly. But today's courts are much more willing to take on such cases and have grown very permissive about proof of causation in "toxic tort" litigation. Supporters of the liability system insist that cases like this affirm individual rights and make for more-efficient markets by forcing those who cause injuries to bear their costs. But cause remains highly speculative in almost all environmental pollution cases, and in the end the decisions depend hardly at all on the scientific merits.

Certainly the actors in the Agent Orange spectacle, correctly given center stage by Schuck, understood as much all along. For Weinstein the case presented a marvelous personal challenge —and also "an almost impossible administrative tangle that threatened to transmogrify tort litigation and deplete the court's capacity to render justice." For the lawyer who breathed life into the veterans' case at the beginning, the case was "a vehicle for political organization, veteran consciousness-raising, and public education." Other plaintiffs' attorneys viewed "the case as a professional and financial venture, a calculated investment in the prospect of a large settlement and award of counsel fees." For the veterans themselves, it "was a searing morality play projected onto a national stage." The corporate defendants

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saw the case as a huge financial threat, unjustifiably placing them in the middle of a decade-old political controversy in which they had played only a minor role. For the American public at large, the case played to "a desire for national catharsis that was always close to the surface of public consciousness."

Schuck does not discuss in detail what the case means for scientists and those interested in the rational application of scientific fact to legal adjudication. The statistical facts were never aired. The case was settled because the plaintiffs feared that a jury might look at the facts carefully, while the defendants feared that it probably would not. Hundreds of millions of dollars have now changed hands in toxic-chemical liability settlements involving Three Mile Island and dumps at Love Canal; Woburn, Massachusetts; Jackson Township, Missouri; and elsewhere. Not one of these cases has involved evidence that epidemiologists and public health experts in the mainstream scientific community consider close to convincing.

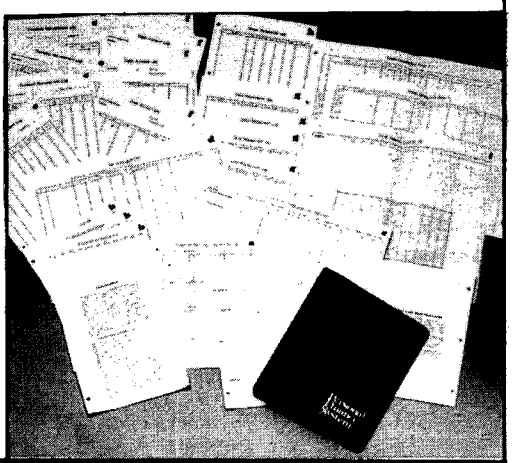
The cases continue to be filed, however, and they will continue to be settled. In all but a few occupational cases with high exposure levels, cause and effect are usually impossible to pin down. But there are still 300,000 new cases of cancer every year in this country, and there is a broad though erroneous public belief that man-made toxic chemicals are often important causal factors. Businesses settle because the litigation risks are often very much more concrete than any verifiable risks from the chemicals themselves, and settlements are built on the former kind of hazard, not the latter.

The *New York Times* correctly characterized the case as "Orangemail" and advised a court of appeals to let the Agent Orange settlement "lie," not because it was based on a truth or reason but because in litigation as in other areas a bad peace is often better than a good war. Today we sue the chemical company; in another age we might have burned a witch or two instead.

Schuck's well-written documentary tells the story vividly and accurately. His major insight is how personalities, emotion, and the "morality play" aspects of this huge lawsuit utterly eclipsed any process of reasoned scientific inquiry. "Searching for some explanation for the devastating physical and psychological conditions that many veterans suffered upon their return, they fastened upon Agent Orange. That a synthetic chemical should seem a plausible scapegoat for their ills was undeniable. They lived in a milieu, after all, in which reputable scientists and mass media sympathetic to their cause proclaimed a growing, chemically caused cancer epidemic and in which public cancerphobia had become widespread enough to receive some judicial recognition in tort cases. The fact that no such epidemic has yet been demonstrated was largely irrelevant to the rhetorical power of the claim, especially when made on behalf of those who already saw themselves, with considerable justification, as the forgotten victims of an unpopular war."

Peter Huber, a fellow of the Manhattan Institute and senior associate of Science Concepts Inc. in Washington, D.C., is an engineer and lawyer. He is working on a book about liability law.

Whatcha Got Wherzit At Howzit Doin' Got a Plan?



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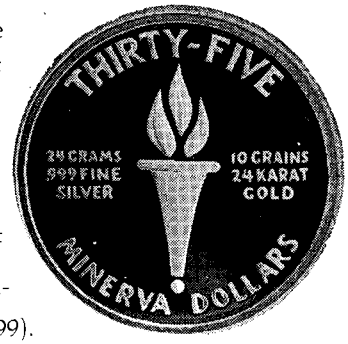

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The Republic of Minerva

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On June 21, 1972 Minerva was forcibly invaded by the Kingdom of Tonga, its nearest neighbor, 260 miles distant. Unable to effectively defend the island, its government was forced into exile pending resolution of the conflict. The possibility remains that the Republic of Minerva may yet reclaim its territory and if that should happen, the Minerva coin could multiply in value many times over.

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By Tibor R. Machan

If the Contras Were Fighting Apartheid...

The Iran-*contra* hearings have been very instructive fare. First, they were nothing like the Watergate hearings, although some participants evidently hoped that matters would degenerate to the sleazy level of Watergate. No such luck.

What we have had is a hypocritical display of self-righteousness—by a new breed of law-and-order liberals—about the sanctity of a piece of dubious legislation, the Boland Amendment, that was preceded *and* followed by legislation that clearly contradicted it.

But the real issue at stake is not any petty circumvention of the Boland Amendment. It is whether the objective at hand—supporting people who are fighting the Sandinista government of Nicaragua—is worth breaking any laws or coming mighty close to doing so.

Whether the United States ought to embark on foreign interventionism is a nonissue. Few if any of the righteous accusers on the Hill can claim to be isolationists or noninterventionists.

No, the real issue for policymakers is interventionism *for what purpose*? Should the United States support an anticommunist group, members of which are probably no more or less pure of heart than were the freedom fighters in Hungary or the Revolutionary War? Or should we regard them as fighting the wrong fight because the Sandinistas, while not a very nice group of individuals, are no worse—and perhaps better—than what Nicaragua has had during its recent checkered history?

Perhaps the following exercise will cast congressional stone-throwing in a more realistic light. Imagine that "South Africa" is located where Nicaragua is today. It is a vicious little tyranny of the minority, keeping most of its people oppressed, with no intention of letting them participate in the political or economic affairs of their own country.

Imagine, also, that a reasonably devoted, although somewhat unruly and ideologically diverse, group of people is determined to fight the regime and bring about something more nearly democratic. Millions of people are sympathetic to the rebels' cause. Organizations throughout the world want "South Africa" changed to an open society, but the regime will not budge.

Furthermore, imagine a different administration in Washington, headed by President McGovern, or Mondale, or Jesse Jackson and staffed by individuals who clearly support the cause of the rebels. Congress has been flip-flopping about whether to aid the rebels, at times authorizing support, at times restricting it to humanitarian assistance, and at times prohibiting any U.S. government involvement at all. Perhaps Vietnam has soured some members of Congress; perhaps some sympathize with "gradualism" when it comes to defeating a weak neighboring tyranny.

So the administration is encouraging support for the rebels by various means that skirt the law—hints are made to rich foreign "friends," and schemes are explored to provide funding that technically escapes being illegal. Officials of the National Security Council and even some ambassadors aid in the effort to secure help for the rebels. In short, imagine that this hypothetical administration does exactly what the Reagan administration did—but not to fight the Sandinistas, to fight South African apartheid.

Does anyone believe that there would be a congressional probe as diligent and accusing as there is now about the Iran-*contra* fiasco? Does anyone believe that the Congress, the press, and the intelligentsia would vent grave concern?

No sensible person could. Indeed, it is easy to imagine the perpetrators as candidates for the Nobel Peace Prize.

There is simply nowhere near the kind of ambivalence toward racist South Africa in the upper echelons of Washington, D.C., or in the print and broadcast media, that there is toward communist Nicaragua. No Hollywood stars would conduct pilgrimages to South Africa, arguing for internal reform or supporting temporary apartheid itself. No pundits would defend the regime's "emergency" suspension of civil liberties.

There is no question about the evil of racism. But socialism and communism have never had as bad a name. Something about these systems seems to our intellectuals, including many politicians, to excuse or at least mitigate the horrors perpetrated in their name. As Victor Navasky, editor of *The Nation*, wrote in his book *Naming Names*: "[There is] the profound difference between Marxists, who identified with the weak and spoke the language of social justice, and fascists, who identified with an elite and spoke the language of racism and violence."

But no such difference exists. The fascists of Hitler's era and Marxists in every instance seek state power to subjugate and control. Both systems can be made to sound palatable. Both have been defended for their good intentions. Both claim to be sincere. And both are detestable, horrid ideas worthy of nothing but vigilant resistance everywhere.

Yet, in one respect the Marxist-Leninist program of evil is more globally encompassing than fascism or its comrade, apartheid. The Marxist-Leninist vision, as the radical Islamic one, calls for total world domination. And it is that vision—and how the United States should cope with it—that should be debated on Capitol Hill.

Senior Editor Tibor R. Machan teaches philosophy at Auburn University. He is the editor, most recently, of The Main Debate: Communism versus Capitalism.

MARY PAGONE

The sunglasses in question.

Super Surprise

Consumer Challenge TV show picks BluBlocker™ sunglasses as target for investigative report and ends up with surprise.

"Is it a breakthrough or a rip off?" We knew they were serious.

By Joseph Sugarman

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This praise is only the beginning of what has been an outpouring of endorsements for the product. During the show, the reporters interviewed Keith Hernandez, star first baseman of the New York Mets who reported that it was his favorite pair.

"We interviewed movie stars, famous football players, baseball players and hundreds of customers. I have never found a product that had such universal appeal," said Kathy Graf, another reporter on the show.

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Sunglasses are not the answer either. In fact, it was concluded that some sunglasses could be dangerous because they caused your pupils to open wider and allow more of the UV light to enter your eyes.

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BluBlockers not only block out the dangerous UV light from the atmosphere but filter out the blue light as well. Blue focuses slightly in front of the retina which is the focusing screen in your eye. By eliminating the blue, everything appears to be in sharper focus, clearer and creates almost an enhanced 3-dimensional appearance. The results are impressive.

You see better, clearer and with greater resolution. Tom Brakefield, a famous wildlife photographer was sitting on the front steps of his cabin when he noticed a mountain in the background that he hadn't observed before. "Because of BluBlocker's high resolution, I've been able to see objects, I never even knew existed."

Dave Johnson, the number 2 ranked USA decathlon champion wears BluBlockers when he performs all 10 of his events including the high jump, the pole vault and the javelin throw. "BluBlockers make me feel more relaxed and give me a definite edge over my competition. I actually experience the optical perfection in the lenses."

GREATEST ASSET

The optical perfection is the greatest asset in BluBlocker sunglasses. Each lens is made of Malenium-99™—one of the strongest yet finest lens materials possible for high resolution and clarity. Anybody can produce a lens that approaches the BluBlocker quality, but nobody takes the care that the BluBlocker organization takes in their lenses.

JS&A offers three models of BluBlockers. One is an anodized high-tech aluminum pair with a flexible spring hinge. The second is a polarized version using the aluminum frame and hinge and the third is our precision plastic pair without the spring hinge. All three models utilize the same quality, high resolution BluBlocker lenses and come complete with padded carrying case and a one year no-nonsense limited warranty. All three are designed to fit both men and women with almost any sized face and all models look identical. There is also a high quality clip-on model that fits over prescription lenses.

EXPERIENCE THE MIRACLE

I urge you to order a pair during our 30-day trial period. When you receive them see how light they are. Then experience the miracle of BluBlockers. Put them on. Everything will suddenly appear clearer, sharper and with an enhanced 3-dimensional look. You will notice a dramatic difference immediately—especially in sunlight.

If, for any reason, you are not pleased in any way with your pair, no problem. I give you up to 30-days to return them in the reusable carton that comes with each pair for a prompt and courteous refund.

If anything happens to your pair during the first year of use, return it to me for a prompt replacement. You won't find that type of warranty on any other pair of sunglasses.

Obviously we are very proud of our achievement with the Consumer Challenge TV show. Whenever you can convey a very positive image of your product on a commercial TV production, it is very encouraging. If you have a chance, catch Consumer Challenge in your area. Check local time and listings. But don't let any more time go by before you buy your first pair of BluBlockers. Order a pair, at no obligation, today.

To order, credit card holders call toll free and ask for product by number shown below or send a check plus $3 for delivery.

Polarized Deluxe (0032HH3) **$99.95**
Aluminum Deluxe (0029HH3) **69.95**
Clip-On Model (0028HH3) **29.95**
Precision Plastic (0031HH3) **39.95**

JS&A®

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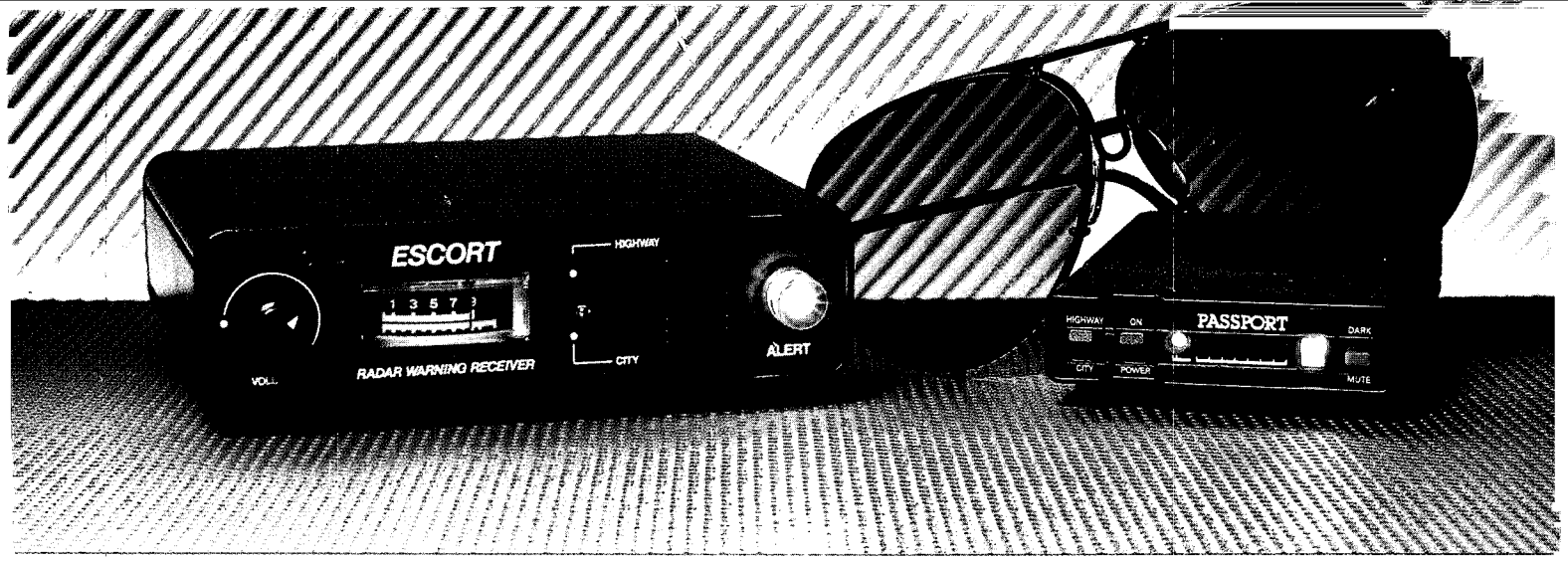

After 9 years of advancing the science of radar warning, we have quite a following

If imitation is the sincerest form of flattery, then Escort and Passport are easily the world's most admired radar detectors.

And if imitation were the same as duplication, then there would be other equally capable detectors. Occasionally you hear of imitations "just as good as" Escort and Passport, usually from someone trying to sell you something cheaper.

The experts are unanimous

No matter what anybody says, there is, in fact, no detector on the market that's "just as good as" Escort and Passport. And you needn't take our word for it. In 1987, three respected magazines have published comparison tests of radar detectors.

What *Car and Driver* says

In April, *Car and Driver* rated Passport highest of nine miniature models, saying, "At $295 direct from the factory, it's the most expensive piece of electronic protection in the group, but it's worth every nickel in roadgoing peace of mind."

What *Roundel* says

In June, *Roundel* ranked Passport and Escort first and second respectively in a comparison of 14 detectors. About Passport the author said, "It remains the State of the Art, a true quality product, American ingenuity at its best." Regarding Escort, "It is an excellent detector in its own right and continues as a pacesetter in the detector market."

What *Popular Mechanics* says

In July, *Popular Mechanics* rated Escort first and Passport second in a group of 11 brands. The magazine concluded, "Clearly, the Escort is the best radar detector around. The best of the minis was the Passport..."

Expert Testimony, It's FREE:

In every 1987 magazine test of radar detectors, Escort and Passport have been rated highest. See for yourself. For complete copies of the tests (not excerpts or selected quotes), showing ranking of all brands, just call us toll free.

Money
MAY 1987

99 THINGS THAT AMERICANS MAKE BEST

"All of these widely available U.S.-made goods...are clearly superior to their overseas competitors, overwhelmingly dominate their markets or are so outstanding or novel that they have no well-known international counterpart."

Escort and Passport are the only radar detectors to make the list.

What we say

Escort and Passport stay at the top of the experts' ratings year after year because, by definition, the imitators are always behind. Our engineers work constantly to lengthen detection range, and when they make a breakthrough, we rush that improvement into production.

Still, early warning means nothing if the warning is false. That's why—a year ago—we added Alternating Frequency Rejection (AFR™) circuitry, designed specifically to ignore the Rashid VRSS collision warning system.

Said *Car and Driver,* "While other makers have spent their energy on funny features or zoomy styling, CM has found a way to improve function in a quiet and systematic way. Such innovation is the mark of a leader, and we applaud Cincinnati Microwave for its eagerness to head off problems before they become problems."

Our anti-Rashid circuitry demonstrates our commitment to the highest radar warning technology. We think the fact that the imitators don't have it demonstrates their commitment too.

Right here in Cincinnati

Our attitude is unique in another way. We keep all of our engineering, assembly, sales, and service in one location so that we can respond quickly to our customers. If you have questions, need service, or want to order, just call toll free.

We sell direct to our customers only. Orders in by 3:00 pm eastern time go out the same day by UPS, and we pay for shipping. Overnight delivery is guaranteed by Federal Express for only $10 extra.

Satisfaction guaranteed

If you're not entirely satisfied within 30 days, return your purchase. We'll refund all of your money and your shipping costs.

For the only radar detectors "just as good as" Escort and Passport, please call toll free.

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